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# **Verifying Housing Benefit and Council Tax Benefit**

**A qualitative study carried out on behalf of the  
Department of Social Security**

**by**

**Roy Sainsbury, Anne Corden and Jane Carlisle  
Social Policy Research Unit (SPRU)**

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Roy Sainsbury  
Anne Corden  
Jane Carlisle

March 1998

## **IMPORTANT NOTE**

This report is an amended version of an earlier report prepared for the Department of Social Security. The amendments have been made to protect the security of local authority Housing Benefit administrative systems. In particular, information on current verification procedures has not been included because it may indicate methods of claiming Housing Benefit and Council Tax Benefit fraudulently.

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## EXECUTIVE SUMMARY

### Chapter One: Introduction

The Department of Social Security (DSS) has prepared the *Verification and Benefit Administration Framework*<sup>1</sup> document (VBAF) to promote prevention of fraud through improvements in the processing and maintenance of Housing Benefit and Council Tax Benefit claims. The Social Policy Research Unit has conducted a qualitative study to assess local authorities' reactions to VBAF which will inform revision of the document and policy implementation.

#### *Policy background*

Housing Benefit fraud, to a value of around £900 million per year, is committed in a number of ways including reporting of incorrect addresses and rent, misrepresentation of income and capital, misrepresentation of household composition, false identity, and the non-declaration of changes in circumstances. A proportion of fraud is committed by landlords.

Local authorities' performance in detecting fraud is measured by comparing 'Weekly Benefits Savings' (WBS) with a 'threshold' figure set by the DSS. A system of financial rewards and penalties is in place based on the amount of WBS achieved as a proportion of the threshold.

#### *The Verification and Benefit Administration Framework*

The first part of VBAF concerns verification procedures. It itemises the information which should be required on application forms, and sets out acceptable standards of verification for a claimant's identity, income, employment, and capital. Further checks are recommended for 'high risk' cases, including a programme of visits. A possible role for local authority Audit departments in checking compliance with VBAF is described. The second part of VBAF addresses benefit administration, and includes new tests for measuring the accuracy and speed of benefit processing.

#### *Research aims, design and methods*

The aims of the research were:

- to discover what Housing Benefit verification procedures were currently in operation in local authorities,
- to explore Housing Benefit officers' views on VBAF and its likely impact,

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<sup>1</sup> Note: the Framework has since been renamed the 'Verification Framework' but is referred to by its original name in this report.

- to seek views on the resource implications of implementing VBAF, and
- to explore the role of Internal Audit officers in the verification and checking of Housing Benefit claims.

The project team visited 30 local authorities in England, Scotland and Wales, selected on the basis of characteristics likely to affect fraud prevention and detection, including type of authority, level of WBS achieved, political control, size of caseload, and caseload mix between different types of tenure.

Interviews were conducted with managerial staff, front-line Housing Benefit assessment staff, fraud officers and members of Internal Audit Departments. In total, 145 Housing Benefit and Audit staff were interviewed. Documentary evidence, such as application forms and policy statements, were also collected.

The main findings from the research are summarised below.

## **Chapter Two: Fraud prevention: the general approach**

### *Local authority policies and attitudes to fraud*

Few authorities had an official written policy statement about the prevention and detection of fraud, however, the advantages of having a common approach to fraud prevention throughout a Housing Benefit department were recognised. A common approach was facilitated when Housing Benefit departments were not geographically dispersed, and when staff were experienced in identifying potential fraud. A commitment to fraud prevention and detection could be enhanced by providing staff with information about the outcomes of fraud investigations.

### *Interest among elected Members*

In some authorities it was reported that elected council members saw the prevention and pursuance of fraud fitting well with active anti-poverty strategies. On the other hand, some managers thought that their elected Members were reluctant to be seen to be involved in fraud issues. It was believed that some Members who had originally been disinclined to support a pro-active stance on fraud prevention and detection had reconsidered their approach in the light of the incentives created by WBS.

### *Activities of fraud officers*

Fraud and investigation sections attached to Housing Benefit departments varied in size and structure, and there were differences in what preventive work was undertaken. One authority did not have a specific appointment for a fraud officer at the time of the research visit.

Useful preventive work by fraud officers included training and education of assessment staff; maintaining contacts and relationships with landlords and employers; surveillance of properties; monitoring caravan sites and houses of multiple occupancy (HMOs); developing and maintaining links with other agencies, and systematic home visiting programmes.

More than half the authorities in the sample had secured Challenge Funding. In most cases this enabled additional personnel or overtime in fraud and investigation sections. Other uses included purchase of software for systems of landlord registration or cross-checking within the authority's records; office accommodation for fraud staff, and mobile phones and security equipment to extend visiting and investigative capacities.

A number of special exercises and initiatives were reported and there were mixed experiences of the success of joint ventures with other agencies. Most authorities had attempted some cross-checking of data, but what was possible depended on their computer systems, and the resources available.

### *Effectiveness of fraud prevention*

There were no attempts in the local authorities in the sample to quantify the effectiveness of fraud prevention. Current financial incentives and penalties were seen to promote detection rather than encourage efforts at prevention. If this balance was to change, it would be important not to introduce new penalties, for example for areas with less developed computer systems, or areas with housing or geographical characteristics which affected levels of fraud or the potential for its detection (such as the size of the private rented sector, or the size of the local authority's area).

## **Chapter Three: The application form**

VBAF includes guidance about the design and content of Housing Benefit application forms. Most authorities used one 'combined' application form for Housing Benefit and Council Tax Benefit for people in all tenures. Length varied from four sides of A4 to 24 sides, some of the longest forms including notes in ethnic minority languages. Attachments of various

verification certificates (for employers or landlords) were common, and some forms provided information about other benefits or sources of advice.

### *Main findings*

- No local authority asked for proof of identity on its application form.
- The terms 'dependant' and 'non-dependant' were not used on all forms. Some authorities preferred the use of plain language for describing household members.
- Very few forms asked for National Insurance numbers for people other than the claimant and partner.
- No form asked for specific permission to contact employers.
- Very few forms asked about claimants' second jobs, but some managers considered this a potentially useful idea.
- There was wide variation in what was asked about self-employment. Some authorities used special pro formas to gather information about business finances.
- Not all forms asked for proof of capital and savings.

### *Implications for implementation of VBAF*

In general, managers favoured the inclusion of questions directly relevant to the assessment of benefit, and not questions which required claimants to speculate rather than provide hard information (for example, questions about the *expected* date of a pay increase).

In some authorities, only minor modifications would be necessary to bring their current form into line with VBAF, but some managers believed a 'major overhaul' would be involved. There were strong feelings that additional length and complexity would be a disadvantage, and might increase fraud by increasing misunderstanding and non-compliance. Every extra question would create new requirements for administration, and had implications for processing time.

Managers wanted to retain overall control of their form, but saw the advantage of sensible guidelines set by DSS, along with some flexibility according to local circumstances.

## **Chapter Four: Benefit administration tests**

### *Benefit administration (accuracy) test*

Current policies on routine checking of claims varied in the percentage level of checks carried out, the type of claims checked, the frequency of checks, and the grade of staff with the responsibility for checking.

VBAF sets out the elements of an accuracy test for all new and current claims, and requires local authorities to record how the elements of the test were addressed for each case. The general response to the proposed accuracy test was not positive. Managers thought that it only repeated the requirements of existing legislation, and seemed superfluous. Many believed they already complied. Recording each step in procedure was considered either unnecessary or a waste of time, taking into account current procedures.

#### *Benefit administration (speed) test*

VBAF sets out three speed tests, A, B, and C. Local authorities would be required to meet either Test A or both Tests B and C for all claims. To satisfy Test A new and renewal claims, and changes in circumstances, must be assessed within 14 days. Test B is met if a claim is assessed within seven days of all relevant information being received. Test C requires a claim to be assessed within 21 (or 28) days.

This part of VBAF caused some degree of confusion. Managers interpreted the three speed tests in different ways. There was widespread acceptance that the Test A target of 14 days to assess a claim was reasonable, but there were indications that the difference between the VBAF requirement and the current '14 day rule' was not appreciated. The overall reaction to Tests B and C was negative. Imposing an overall target of 21 or 28 days for assessing a case which was reliant on outside parties was generally considered unreasonable.

There was acceptance of the need for speed tests, but this section of VBAF needs greater clarity.

#### **Chapter Five: The audit perspective on housing benefit fraud and verification**

A VBAF appendix sets out some draft arrangements that could be used to assess the extent to which local authorities comply with verification requirements. It is suggested that either two per cent or four per cent of all new, renewal and ongoing claims are checked against the overall requirements and the results recorded. A new role for local authority auditors is defined, to check a sample of live claims for compliance with VBAF, and to ensure that the findings of a supervisory check can be substantiated in the records.

Senior audit staff considered that their current work was principally oriented towards checks on the *systems* for processing Housing Benefit claims, rather than the tasks undertaken by assessment officers. Audit plans typically consisted of a rolling programmes of checks over a

period of between one and five years, with the allocation of a certain number of days for Housing Benefit and Council Tax Benefit audit. It was usual practice to discuss areas for scrutiny with Housing Benefit managers, prior to drawing up the audit plan, and to check for implementation of any recommendations from previous audits.

#### *How Housing Benefits audits are carried out*

Usually, a specified number of cases were selected for an audit check, typically a random or targeted sample of between ten and forty cases. Audit of front line decision-making included scrutiny of visible evidence such as the application form and original documents or photocopies.

Audit departments were less likely to check supervisors' work. Checks on supervisors were often in the form of an interview or appraisal, rather than visual examination of their work, and a substantial proportion of auditors did not know whether or how supervisors' own checks were documented.

#### *Effectiveness of audit activities*

Auditors varied in their opinion of the security of the Housing Benefit systems. Some auditors had found, and drawn attention to lack of supporting documentation, creation of duplicate files, lack of supervisory checking, or inadequate records of supervisory checks.

#### *Comparison with VBAF*

Most auditors interviewed interpreted VBAF to mean that supervisory checks on claims should be carried out at the level of two to four per cent. Reactions were mixed, but the prevailing view was that a higher percentage check was necessary, and alternatives included five and ten per cent. It was suggested that the sample size should be appropriate to the size of the population and needs of a particular authority.

Some auditors interpreted VBAF to mean that *they* would be expected to carry out a percentage check on claims to establish whether verification requirements had been met. This was not welcome and viewed as infeasible. There is room for greater clarity about the expectations or requirements that will be placed on audit departments.

### **Chapter Six: The costs of implementation**

In any particular authority, the costs of implementing VBAF will depend on:

- current verification procedures and practices
- size of caseload

- case mix between private and public tenants
- geography of local authority area
- current computer systems.

Not all managers were prepared to make a quantified estimate of the resource implications of implementing VBAF. The data collected were therefore not comprehensive nor directly comparable, but do provide some indication of possible start up and continuing costs.

Nearly all managers said that VBAF would require extra staff. Both visiting staff and other office staff were mentioned. Only one manager thought that the staff costs of implementing VBAF would be minimal, because they already operated a policy of carrying out residency checks on all new claims from private tenants.

Assessments of the need for resources for changing computer systems varied. Managers who foresaw major overhauls estimated costs in the range of £40,000 to £70,000.

Some managers mentioned a range of other costs associated with implementing VBAF, including, redesigning claim forms, purchasing new office equipment, extending secure storage facilities, additional office accommodation, making provision for more callers, and increased expenditure on stationery and postage.

Four managers gave detailed figures for cost implications of VBAF. The highest was from a large Metropolitan authority where the size of the private tenant sector was below the median.

Estimated extra costs of £214,000 were suggested, comprising computer costs of £40,000 and £174,000 for staff, travel and additional office space.

## **Chapter Seven: Summary and discussion**

This chapter provides a summary of the main findings, and points to key issues for policy makers in moving forward towards implementation of VBAF.

The main issues that concerned Housing Benefit staff included the following:

- the costs of implementation
- perceived problems in verifying the identity of claimants
- implementing new programmes of visits to new and current claimants
- implications for existing computer systems

- meeting new speed tests
- definitions of risk categories.

There are also issues for local authorities which have contracted out parts of their Housing Benefit administration, which may need further consideration, such as the appropriate division of responsibility for fraud prevention and detection, and the allocation of rewards and penalties commensurate with the local authority's performance.

With a few exceptions, the response to VBAF in the 30 local authorities visited was generally favourable. Some criticisms were made, but VBAF often provided some reassurance about current levels of verification and was a source of new ideas for improving verification procedures. Some authorities had already decided to act upon some of the VBAF recommendations.



## Chapter One

### INTRODUCTION

One of the strategic aims of the Department of Social Security is to combat fraud across all benefits, including Housing Benefit and Council Tax Benefit. Until recently, the *detection* of fraud has been dominant in the government's response to the problem, and, as a consequence, in the actions of the Department's Agencies and local authorities. In relation to Housing Benefit and Council Tax Benefit fraud, for example, local authorities have been given incentives to detect and stop fraud (Smith, 1995). However, while continuing to promote detection, there has been, since early 1996, an increasing Departmental policy interest in the *prevention* of fraud.

The prevention of Housing Benefit and Council Tax Benefit fraud relies heavily on the accurate initial assessment of claims by local authority officers and on accurate re-assessments following changes in the circumstances of claimants. In turn, accurate assessments rely on the quality of the information supplied by claimants or collected by local authorities. In mid-1996, the Department of Social Security prepared the *Verification and Benefit Administration Framework*<sup>2</sup> document (VBAF) which is intended to promote prevention of fraud through improvements in the processing and maintenance of Housing Benefit and Council Tax Benefit claims.

The Social Policy Research Unit (SPRU) at the University of York was commissioned in September 1996 to conduct a qualitative study to collect information about local authorities' current verification procedures, and to assess local authorities' reactions to VBAF. The intention was to gather information which would (a) help in revising the document in advance of national implementation commences in Autumn 1997, and (b) allow an assessment of the likely impact of VBAF on the administration of Housing Benefit in local authorities. This report presents the findings from the research which was based on qualitative interviews with local authority staff in 30 authorities in England, Scotland and Wales in November and December 1996.

First, in this introductory chapter, we describe the policy background to the research and set out the main features of VBAF. We then define the research questions that we were asked to

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<sup>2</sup> Also referred to as the 'Verification Framework' in this report.

address in the project, and explain the methods we adopted. Finally, we present the structure of the report.

### **Policy background - the state of knowledge about Housing Benefit fraud**

Housing Benefit administration and fraud have come under recent scrutiny from the Audit Commission (1993) and the House of Commons Social Security Committee (1996)<sup>3</sup>. In its own review of Housing Benefit accuracy, the Department of Social Security has estimated the value of housing benefit fraud by claimants and others at approximately £900 million per year, around three-quarters of which was the result of claimants failing to report a relevant change in circumstances, either to the local authorities or to the Benefits Agency (Department of Social Security, 1995). The Departmental study identified a range of ways in which Housing Benefit fraud is committed, including:

- incorrect addresses
- misrepresentation of income (from earnings, other social security benefits or other sources)
- misrepresentation of holdings of capital
- misrepresentation of household composition
- incorrect information about rent
- false identity.

VBAF is designed to reduce the types of fraud described above and increase the accuracy of claims assessments while ensuring that claims are processed quickly.

Local authorities' performance in detecting fraud is currently measured using 'Weekly Benefits Savings' (WBS), calculated by multiplying by 32 the actual amount of weekly benefit saved through fraud action. Thresholds for annual WBS are set by the Department of Social Security for each authority. There is a system of rewards and penalties based on the percentage of the threshold achieved at the end of the financial year. Department of Social Security figures supplied to the research team show that around two-thirds of all authorities exceeded their WBS threshold for the year 1995-96, and therefore earned an addition to the administrative subsidy paid by central government.

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<sup>3</sup> At the time of writing the Audit Commission was conducting a study specifically on Housing Benefit verification, and the National Audit Office was completing a report on Housing Benefit fraud. Published reports from both studies were expected in the summer of 1997.

## **The Verification and Benefit Administration Framework**

The draft version of the *Verification and Benefit Administration Framework* used in the research was divided into two main parts, the first dealing with the verification of new and continuing Housing Benefit and Council Tax Benefit claims, and the second with benefit administration (specifically the speed and accuracy of claims processing). The draft contains a combination of actions that would be required of local authorities in the future and, where policy had not been finalised, suggestions or alternatives for changing administrative procedures and practices.

### *Verification*

The first part of VBAF concerns verification procedures. The essential role of the application form in preventing fraud is described in the opening section and a list of the information that local authorities should require in their forms is set out. The assessment of Housing Benefit and Council Tax Benefit claims depends on information from claimants in a number of different areas. VBAF is not prescriptive in how this information should be verified but sets out what might constitute an acceptable standard of verification. The areas where verification is required are as follows:

- the identity of the claimant
- residency and rent
- members of the claimant's household
- earnings of employed earners
- earnings of self-employed people
- receipt of other social security benefits
- receipt of other income
- holdings of capital.

VBAF identifies what are considered to be the types of claim and types of claimant with which fraud on new claims is most associated (referred to as 'high risk cases') and sets out a regime of further verification and checks for these cases. This includes suggestions about ways in which more information might be obtained and a requirement that a programme of visits to new claimants is established.

In their own studies of Housing Benefit fraud, the Department has found that '75 per cent of frauds are due to non-reported changes in circumstances' (Department of Social Security, 1995). VBAF contains suggestions for conducting a series of 'in-year reviews' which would

identify claimants' changes in circumstances earlier than at present and hence reduce the amount of this type of fraud.

Local authorities must be able to demonstrate that they have complied with the requirements of VBAF. There is therefore an audit role created by VBAF which has implications for the way in which local authority internal Audit departments carry out work on Housing Benefit in the future. For example, auditors may be required to check that VBAF is properly implemented, or to measure its effectiveness.

### *Benefit Administration*

The second part of VBAF, on benefit administration, has two sections. The first section, the 'Benefit Administration (Accuracy) Test' sets out a number of criteria which must be met in order for claims to be considered accurate. The second section, the 'Benefit Administration (Speed) Test' explains the targets which must be met for the timeous assessment or re-assessment of claims. Both tests are described more fully in Chapter Four.

VBAF has a potential impact on all aspects of Housing Benefit administration and has implications for local authority Audit departments.

### **Aims and objectives of the research**

As mentioned earlier, the main aims of the commissioned research were to gather information which would help in revising VBAF, and in assessing its impact on local authority Housing Benefit and Audit departments. The more specific objectives were as follows:

- to discover what procedures are currently used in local authorities for the verification of Housing Benefit and Council Tax Benefit claims
- to examine how the suggestions in the Verification Framework will relate to existing verification measures
- to ascertain Housing Benefit officers' views on the suggestions made in the Verification Framework
- to explore with Housing Benefit officers the likely effectiveness, in terms of reducing fraud and error, of their own measures, and additional measures that may be appropriate, and the likely effects of the Verification Framework
- to seek views on the resource implications for local authorities of implementing the measures suggested in the framework

- to explore, with Internal Audit officers, what measures are employed by local authorities to check that claims are processed accurately and to investigate how successful these measures prove to be; and
- to explore and explain any variations between local authorities in verification procedures.

The main requirement of the Department was for qualitative information which could be used in assessing the likely effectiveness of VBAF, rather than for data which could be analysed quantitatively.

### **Research design and methods**

As explained above, the purpose of the research was to gather detailed information about the reactions of local authority Housing Benefit staff to VBAF, and to explore the relationship between current verification practices and those set out in VBAF. Standard survey techniques were therefore rejected as a method for collecting and analysing this type of information. Qualitative interviews and analysis were chosen as the most appropriate research techniques to use for the study. The project team visited 30 local authorities in England, Scotland and Wales and interviewed appropriate members of staff. Documentary evidence, such as relevant policy statements and benefit application forms, were also collected during the visits.

#### *Local authorities selected for the study*

The 30 local authorities in the study were purposively selected using indicators which were thought likely to be connected to the ways in which authorities carry out Housing Benefit administration and the detection and prevention of fraud. The indicators used were:

- Size of Housing Benefit caseload
- Relative proportions of private and public sector tenants in Housing Benefit caseload
- Proportion of Weekly Benefit Savings achieved compared with Department of Social Security targets
- Privatisation (i.e. the extent to which Housing Benefit administration was carried out by a private sector contractor)
- Political control of authority; and
- Geographical location.

Data from the Department of Social Security were made available to the research team in order to select 30 authorities which displayed a wide range of values for each of these indicators. Details of selection are presented in Appendix A. Local authorities were sent a

letter of invitation from the Department of Social Security to participate (Appendix B), and an accompanying fact sheet outlining the basic features of VBAF and explaining how the research was to be conducted (Appendix C).

### *Staff selected for interview*

The implementation of VBAF will have an effect on all grades of staff within Housing Benefit departments and also on the staff of Internal Audit departments. However, there were budgetary and time constraints associated with the project. Hence, the following types of staff were selected for interview in each authority:

- Housing Benefit manager
- Front-line Housing Benefit assessment officer
- Member of the Internal Audit Department
- Fraud officer.

Separate topic guides were prepared for the interviews with each grade of staff (Appendix D). The topic guide for managers covered the general approach to fraud prevention and detection in the local authority, all the aspects of the VBAF document (including verification and benefit assessment), and the implications (on practices and on costs) of implementation. The topic guides for assessment officers concentrated on current verification procedures and on views about the impact VBAF would have on their work. Fraud officers were asked about the extent and types of fraud that they had to deal with and about whether the measures proposed in VBAF were likely to be effective. Members of internal Audit departments were interviewed about the impact of the duties placed on them by VBAF.

The topic guides were piloted in three local authorities (in London, Scotland and the West Midlands) in October 1996, and subsequently amended for use in the main fieldwork.

Prior to each fieldwork visit a member of the research team agreed with the Housing Benefit manager (and where necessary the head of the Audit department) the most appropriate members of staff to interview. Local authorities were sent a copy of VBAF in advance. Managers were asked to read the document before they were interviewed. It was explained that it was not necessary for other members of staff to read VBAF for the interview because only parts of the document would be relevant to them, and appropriate extracts from VBAF were included in the show cards used during interviews.

Fieldwork visits lasting two days were made to each of the 30 local authorities. Interviews were conducted using the appropriate topic guide (one for each of the main types of staff listed above) and tape-recorded for later analysis.

In some authorities joint interviews were held with, for example, two members of the Housing Benefit management team or two assessment officers where it was thought appropriate and to draw in people with different experiences. We also conducted additional interviews with supervisory staff when possible.

In total we interviewed 145 Housing Benefit and audit staff (in local authorities and their associated contracted out companies).

### *Analysis*

The time constraints on the project meant that it was not possible to follow the standard practice of having interview tapes transcribed and analysing the transcripts. Instead, each member of the research team listened to the tapes and prepared a summary using a pro-forma developed by the research team leaders. The research reports were analysed using standard qualitative techniques by entering summaries on charts. Separate charts were constructed for each of the main themes explored in the interviews (such as current verification practices, and the costs of implementation) sub-divided into distinct issues within each theme.

### **Structure of the report**

One of the factors which might be expected to have a bearing on how VBAF is received and acted upon in each local authority is the general approach of Housing Benefit staff and the members of the authority to fraud detection and prevention. Therefore, in Chapter Two we present an analysis of how the various grades of staff we interviewed thought fraud was viewed in their authority and how effective they thought their current measures were. Chapter Three deals with the VBAF suggestions about the design and contents of Housing Benefit application forms. Housing Benefit managers were asked to identify differences from their own forms and to comment on the impact, on workloads and on preventing fraud, of the VBAF ideas. In Chapter Four, the reactions of Housing Benefit managers to the second part of VBAF covering benefit administration are analysed and presented. In Chapter Five an analysis is presented of the current activities of local authority internal Audit departments and of auditors' views of the implications of VBAF for the accuracy of decision making and for their own work in auditing Housing Benefit assessments. Because VBAF has resource implications for local authorities, Housing Benefit managers were asked in their interviews to

provide their best estimate of the overall costs of its implementation. Although the depth of the responses was very varied, it was possible to gain some understanding of where the costs of VBAF would fall and to get an idea of the scale of the costs involved. The findings on costs are presented in Chapter Six. The final chapter summarises the main findings and draws out some of the main issues that have emerged from the research which might inform the next stage of the VBAF project and the improvement of the content and layout of VBAF ahead of national implementation later in 1997.



## **Chapter Two**

### **FRAUD PREVENTION: THE GENERAL APPROACH**

#### **Introduction**

This chapter discusses the general approach to fraud prevention and detection within the Housing Benefit departments included in the study, as described by the managers and assessment officers interviewed, officers with specific responsibilities regarding fraud and auditors. First we consider overall policies for combatting fraud, including observations on the effect of any involvement from the elected Members of the council, and views on the training in fraud issues given to staff. The next section describes initiatives taken by the fraud and investigation sections attached to Housing Benefit departments. Finally, we present general views on the effectiveness of current verification practices.

#### **Office policies and attitudes to fraud**

Managers all confirmed that there was a general commitment towards the prevention and detection of fraud in their offices. Very few produced an official written policy statement, however. Two such documents were provided - booklets describing the local authority's approach to fraud issues had been produced by a Metropolitan authority and a small non-Metropolitan authority, with the support of elected Members in both cases. In other authorities there was sometimes uncertainty among staff, at all levels, as to whether there was an official overall policy statement about fraud. However, short statements about authorities' general commitment to fraud awareness, and sometimes their aim to prevent and detect fraud, often appear within the various brochures and application forms produced for the use of the public, and within training manuals and procedural instructions for staff.

Everybody saw the advantage of having a shared approach to fraud prevention across the sections and the staff of a Housing Benefit department. There were a few authorities in which everybody interviewed felt that managers, benefits staff and investigation officers had achieved a common approach to the need for vigilance, concern for proper use of public money and commitment to preventing fraud wherever possible. A more frequent feeling was that the office was working towards a shared approach and that this was certainly developing but there was still more to be achieved. Only in a minority of offices was there agreement among the people interviewed that some assessment officers were less interested or not committed to fraud prevention issues, and that it would be hard to get all staff to see fraud prevention as a priority issue.

Factors which seemed to influence the development of a shared approach to fraud prevention within a housing benefit office included:

- Aspects of the structure and organisation of Housing Benefit administration
- Experience and training of staff
- Commitment to 'customer' care
- Knowledge and awareness of the outcomes of fraud investigations
- Pressures to achieve targets for processing claims
- Financial incentives to detect fraud.

This section continues by looking in turn at these factors.

*Aspects of the structure and organisation of Housing Benefit administration*

Housing Benefit departments with long-established fraud and investigation sections were more likely to have developed a shared understanding and common ways of working.

The stability of the administrative units had an effect. Amalgamation of offices in new unitary authorities had brought together assessment staff who had previously had different approaches to fraud prevention and detection, and it took some time to integrate such staff units and encourage changes in attitudes, where necessary.

The administrative arrangements and geographical location of the office could also be influential. Managers of Housing Benefit departments which had been relocated within Finance and Revenues Departments during administrative restructuring thought that closer association with finance staff had provided a new focus on the importance of fraud prevention.

There could be an advantage in administrative arrangements which involved individual staff covering a small geographical area in that staff could keep closely in touch with their client base and local circumstances. By contrast, another manager suggested that in his authority decentralisation of Housing Benefit within small area offices required individual staff to deal with a wide range of administrative tasks, including but not only benefits, and that fraud prevention therefore might not be a priority.

Where parts of benefit administration had been competitively tendered the approach developed within the privatised section depended on the service contract. A manager in one such authority reported that the current service contract was for 'fraud awareness' of staff, rather than 'prevention', while detection of fraud was certainly outside the contract. There were

implications here both for the development of a proactive approach to fraud prevention within the private agency, and for the development of a shared approach with council employees.

### *Experience and training of staff*

General resource constraints affected the amount of training that could be offered on fraud issues, and this is discussed further below. Where there were staff shortages and high turnover it was particularly hard to develop fraud awareness and a commitment to prevention.

In such circumstances training has to be accomplished quickly, and it may be considered a waste of resources to invest in more than basic training for new staff who are unlikely to stay long. In one authority with a high staff turnover the fraud officer observed that opening applications and checking for missing information was nearly always undertaken by relatively new and inexperienced people, who probably missed opportunities for prevention that would be seen by longer serving officers. On the other hand, in authorities with relative stability of staff, career structures could themselves contribute to the development of shared attitudes and approaches to fraud. The manager of a small non-Metropolitan office pointed out that progression of staff through different aspects of benefit administration widened their experience and perspectives on fraud issues and contributed to an integrated office approach.

### *Commitment to 'customer' care*

There were tensions between customer care aspects of benefit administration and fraud prevention and detection. Managers were keen to stress that although they were committed to fraud prevention and detection, other aspects such as speed and efficiency of processing, quality of service for the claimant, and maintaining take-up were all just as important. It could be hard for assessment staff to balance these priorities. Getting maximum cooperation from staff for an active take-up campaign, or mounting a special initiative to clear backlogs of benefit claims sometimes meant that fraud issues went out of focus for a while. Discussions with assessment officers confirmed that when they had been working in an office where the emphasis had traditionally been focussed on claimants' rights, it took some time to change the 'office ethos' and some staff, as we would expect, were resistant to such a change.

### *Knowledge and awareness of the outcomes of fraud investigations*

In several offices, experience had shown that making administrative staff aware of the amount and different kinds of fraud detected by fraud officers could have a powerful effect on staff's commitment to prevention. Those fraud officers who had found ways of feeding back to administrative staff a general picture of the detection work that was going on thought that this had raised interest, and had a role in the overall training and education of staff. Methods

described included short weekly summaries of fraud detection statistics, reports on special exercises, or invitations to short presentations.

Fraud officers and assessment staff agreed that it was important for individual assessment officers to know the outcome of cases they had referred specifically for investigation, to maintain their interest and commitment. Ways in which this might be done depended on resources to some extent, however. There were some fraud officers who always tried to speak personally to the member of staff whose referral had been investigated, but few authorities could achieve this level of personal communication.

#### *Pressures to achieve targets for processing claims*

Managers and assessment staff saw tensions between some fraud prevention work and the need to achieve other office targets. Staff were required to process claims as quickly as possible, but initiatives to prevent fraud, for example extra checks and requests for verification, lengthened the processing time, and could have knock-on effects on other parts of the office where other staff also had to meet their own targets, for example at reception desks and in post rooms. Assessment staff acknowledged that when they were particularly pressed there could be a temptation to clear piles of applications by referring more than usual straight to fraud officers for a decision, instead of requesting further information or doing cross-checks themselves. The point was emphasised many times to interviewers that if administrative staff were to be expected to conduct additional checks or carry out new procedures in an effort to prevent fraud then the effect on other office targets must be taken fully into account.

#### *Financial incentives to detect fraud*

Feelings were expressed that, currently, commitment to fraud prevention went unrewarded in terms of financial incentives, and indeed could be costly, whereas commitment to fraud detection led directly to financial savings in terms of Weekly Benefits Savings. Success in prevention, under current financial incentive schemes, eventually led to financial penalties by reducing the opportunities for detection and thus increasing the loss of potential Weekly Benefits Savings. Several managers pressed for a swing in emphasis within the Department of Social Security, away from the focus of rewards for detection, and towards more generous funding of Housing Benefit administration, which, when carried out effectively, would encompass fraud prevention.

### **Interest among elected Members**

Managers commented briefly on their experience of the commitment of elected Members of the council to fraud prevention and detection within the Housing Benefit scheme. Experience varied, and there were no clear patterns according to political control. Full commitment and support to fraud detection and prevention was reported by councils across the political spectrum. A Labour controlled Metropolitan authority saw the prevention and pursuance of fraud fitting well within their active anti-poverty strategy. Strong prosecution policies were supported by both Liberal Democratic councils and councils with no overall control. On the other hand, some managers thought that their elected Members were very sensitive to fraud issues and reluctant to be seen to be involved. Reasons for this included views held by some Members that reasons for 'minor fiddling' were understandable and excusable in today's economic and social circumstances, and what was called 'economic fraud' represented a response of desperate people to harsh circumstances. This was reported from both Labour councils, and councils with no overall control. Another reason for some Members' disinclination to be seen to be particularly interested in fraud issues was reported to be their strong interest in increasing take-up to maximise resources available locally in this way, and their belief in the possible deterrent effect on genuine claimants of more pro-active fraud prevention initiatives. One manager in a Conservative controlled council reported that Members' interest in benefit issues appeared to be limited to responding to claimants' complaints about their treatment.

The range of views on the interests and involvement of elected Members included observations that, either as policy or through having other priorities, council Members generally left the Housing Benefit department to get on with its work, with little direct involvement. It was thought that some councils who had previously adopted this line had had to clarify their approach to fraud recently, in response to requirements for funding, such as a request to support Challenge Fund applications, or new appointments of investigating officers.

Members who had originally been disinclined to support a pro-active stance on fraud prevention and detection had, it was thought, reconsidered their approach when they understood the current financial impact for their authority of the Department of Social Security initiatives in this area.

### **Views on training**

All managers and staff saw training and education of benefit assessment staff as important, but, again, what could be achieved in this respect varied. As previously described, problems of staff shortages and high staff turnover in some offices made it particularly hard to maintain

a well-trained work-force. If training about fraud for administrative staff was seen as the responsibility of the fraud section and this part of the office was also short of resources, it was sometimes not dealt with as a priority. In some cases, training for assessment staff was a responsibility of the audit department, but this was unusual.

Most of the assessment staff who had undergone any training about fraud spoke in terms of training in 'fraud awareness'. What was described was, typically, a presentation from an internal fraud officer about the most frequent ways in which fraud was conducted in their local area, and what made it easier or harder for people to commit fraud. The need for general vigilance and awareness was stressed, and some administrative procedures were discussed in terms of the contribution they made to fraud prevention and detection. The fraud awareness training often included information about the amount and type of fraud that was currently being detected, and the ways in which this was done. We saw previously that this was considered to be important in maintaining staff interest, and educating them about the scale of the problem.

There were few examples of any more intensive training for assessment staff that was directly concerned with fraud prevention. Occasionally, local Department of Social Security offices had invited assessment staff in Housing Benefit offices to join them for combined training events, but this was rare. In one authority, resource constraints meant that training in fraud issues had been concentrated on those officers who dealt with applications from the private sector. Some assessment staff interviewed could not remember having received any specific training about fraud issues, and they had learned what they knew by experience and by listening to other staff in the office talking about their experience. Managers in such offices confirmed that training on issues to do with fraud was fairly '*ad hoc*'.

Assessment staff and managers referred to guidance available about fraud issues in the Housing Benefit Manual. Several offices were using procedural frameworks and written guidelines produced internally which explained the reasons for particular administrative steps or checks in terms of preventive effects and avoidance of fraudulent claims. Although originally written to help staff deal with the various administrative steps appropriately within the required time limits, their potential importance as a training guide in fraud awareness and prevention had been recognised in some authorities, and the design and content of such guidelines and instructions was regularly reviewed with this in mind.

### **Activities of fraud officers**

The size of designated fraud and investigation sections attached to Housing Benefit administration was related, as we would expect, to the overall size of the claimant population and the resources that had been made available for this aspect of work. Thus a Metropolitan authority currently employed as many as 17 fraud and investigating officers and assistants, within the Housing Benefit administration. By contrast, some small non-Metropolitan authorities reported a single appointment. When there were only one or two people with overall responsibility for all investigative and detective work associated with Housing Benefit, the amount of time spent on preventive initiatives could be small. In a small Scottish authority the fraud officer worked on his own, and thought that perhaps as little as two per cent of his time was spent solely on preventive aspects. Most of his time was needed to respond to referrals of cases from assessment officers for investigation and detection of fraud.

The researchers visited only one authority which currently had no specific appointment for a fraud officer. In this small authority the senior auditor took responsibility when required in cases of apparent fraud and he estimated that probably less than one per cent of his time was spent on preventive work. The need for further resources for work on fraud detection and prevention was recognised here, and there was a proposal for a new appointment.

Such great differences in the fraud sections in the authorities visited meant that what was undertaken in respect of prevention varied considerably. Where there were several staff who could work specifically in a pro-active way, a number of activities were reported as useful fraud prevention work. These included training and education of assessment staff; maintaining contacts and relationships with landlords; maintaining a 'profile' with local employers; surveillance of properties; monitoring caravan sites; developing and maintaining links with other agencies; and systematic home visiting programmes, for example visiting all new claimants for rent allowance to confirm residency, or regularly visiting elderly people to encourage proper disclosure of savings.

More than half of the authorities visited had secured Challenge Funding, and among these authorities staff at all levels could point to advantages this had brought to their efforts at prevention. In most cases the funding had meant additional personnel in fraud and investigation sections, or the possibility of paying overtime, which meant that more pro-active work could be done, as described already. However, it had not always been easy to recruit staff with appropriate backgrounds and experience for the new posts, and the short-term nature of the funding was thought to be a disadvantage in this respect.

Other uses for Challenge Funding included purchase of new software for systems of landlord registration and checking, or investment in software to enable more cross-checking within the authority's records, for example to taxi licensing records, and to the internal pay-roll. Other kinds of capital expenditure included office accommodation for the fraud team, and cars, mobile phones and security equipment for officers to extend their visiting and investigative capacities.

All authorities who currently had Challenge Funding were hoping to be successful in their next bid, and those managers who had experienced some difficulty in getting initial support from elected Members for their initial application thought there would now be greater interest.

A number of special exercises and initiatives by fraud sections were reported. What was done often depended on relationships with other local agencies. Where there were good relationships with local Benefits Agency staff and police forces joint initiatives had been tried, for example, joint visiting, or targeting streets or properties. In most cases, activities of this kind were initially aimed towards the detection of fraud, and recently, towards maximising Weekly Benefits Savings. There were mixed experiences of the success of these joint ventures, in terms of Housing Benefit fraud detected. However, it was often stressed that the visibility of such activity in a local area, and any subsequent publicity, was also seen as a fraud prevention measure.

Less cooperative relationships with other local agencies (such as the Benefits Agency or the Employment Service), or their different approach to benefit fraud, meant that such joint initiatives had sometimes not been tried or had been abandoned. For example, tensions with local Benefits Agency offices could arise in respect of allocation of Weekly Benefits Savings achieved in joint exercises, and some authorities preferred not to have to share savings. A London borough reported that it had not been possible to interest the local police force which viewed benefit fraud as petty crime that was not a priority for their attention. However, fraud officers who had worked in a local area for several years and had built up strong links and personal relationships with staff in other agencies thought that this was valuable. Restructuring of local authorities had fractured some of these networks, and it took time to build up links again.

Internally, most Housing Benefit departments had attempted some special exercises in which they cross-checked information from applications against information held in other departments of the authority. What was possible depended on their data storage and computer systems and the resources available for this kind of work, in addition to different



levels of interest in this kind of activity. In a few authorities with unsophisticated computer systems it was not easy even to cross-check information between Housing Benefit and Council Tax Benefit systems. In the Metropolitan authorities and the London boroughs considerable cross-checking was now routinely undertaken. Cross-checks that could be useful included looking at data on the local authority's own pay-roll; the taxi licence register; education awards and student grants; and other income-related benefits such as school meals. In some areas, fraud staff had secured the co-operation of local employers, such as supermarkets, nursing homes and leisure parks, and had lists of their employees to check against their internal data. Checks were also made against Land Registry data for ownership of property, although the cost of access to such data could be a disadvantage.

It was stressed by several fraud officers that making the public aware of the various data matching exercises and information sharing that was now undertaken was likely to be an important preventive measure. There was strong support for telling claimants carefully how the information they supplied might be used in the prevention and detection of fraud.

### **Effectiveness of fraud prevention**

In the local authorities visited in the study, there had been no attempts to quantify the effectiveness of fraud prevention, and there were no suggestions how this might be done. Fraud officers had the best overall view about the amount and type of fraud that was being detected, and many believed that, despite all efforts, they still only saw the 'tip of the iceberg'.

They pointed out, however, that this did not mean that the authority was ineffective in their efforts to prevent fraud, because there were some areas where intervention was extremely hard, for example in non-declaration of income or capital. The authority's effectiveness, some argued, should be considered in the light of measures available to them.

All managers hoped that their current systems and procedures were effective as far as possible, and there was general interest in the VBAF document. In some authorities, plans were already being made to implement new ideas seen in this document. Within this general support for strengthening the approach to fraud prevention, however, there were two important streams of thought.

First, staff at all levels drew attention to the powerful effect of the introduction of financial incentives and penalties into benefit administration. Local authorities' understanding of the current balance of rewards meant that financial advantage was seen to come from detection, rather than administrative efforts at prevention. It would be good to have a better balance.

However, new schemes of financial incentives would be likely to create new problems and disadvantages for some authorities, as well as opportunities. It would be important, in taking VBAF forward, not to penalise areas with less well developed computer systems; areas managing the effects of major restructuring; or areas with particular characteristics, such as housing, demography or geography.

Second, some anxieties were expressed about the conceptualisation of 'fraud' and the way in which this may be changing. There were feelings that what might legitimately be described as 'mistakes', 'misunderstandings' or 'confusions' of vulnerable people trying to meet the requirements of a complex administrative system were now being described as 'fraud'. This approach was being encouraged by the current emphasis on fraud, and the financial incentives associated with its identification and discovery. There was support for an approach which was sensitive to issues of stigmatisation, and gave proper attention to the way in which claimants and their behaviour were represented. There was also evidence that some local authorities were adapting their procedures to maximise Weekly Benefits Savings through this type of redefinition.

## **Chapter Three**

### **THE APPLICATION FORM**

#### **Introduction**

The VBAF document includes guidance about the design and content of the application form, and the interviewers discussed this section with managerial staff. Copies of each authority's application form(s) were made available during the interviews, and have been studied again during analysis of the discussions. First, we present managers' views on the introductory explanatory paragraphs in this section of VBAF. The chapter goes on to describe the information provided and requested on the 30 application forms currently in use. The chapter ends with managers' views and ideas on the VBAF proposals, including the implications of changing their application forms as recommended in VBAF.

#### **Introductory explanatory paragraphs**

Among managers there was general agreement with the introductory paragraph of this section. Most recognised some tension between achieving simplicity in the design, gathering all the information required to process a claim, and preventing fraud. However, some would have liked to see more acknowledgement here that the design of the form was considered of key importance in encouraging take-up of benefit. While nobody disagreed with the statement in VBAF that the application form is instrumental in the prevention of fraud and should be designed with this in mind, of equal importance to managers was an application form that facilitated administration and prompt payment, and encouraged (or, at least, did not discourage) those who were entitled to claim. The view was expressed several times that it would have been appropriate for this to be set out in the introduction. Indeed, one manager of a Metropolitan authority observed that, in its current form, there was a poor fit between this introductory section and the current ethos in their department that the form was instrumental in encouraging take-up.

There was some anxiety about the implied suggestion in VBAF that it was important that the form should be designed to elicit the kind of information that might be used as a basis for proving fraud. Some managers thought their staff would find it hard to balance this suggestion against their traditional approach that claimants were initially to be treated as honest people. Insistence on precision in the information initially presented might, in some

circumstances, be seen as entrapment<sup>4</sup>. The VBAF document, it was pointed out, was an approach to prevention, while the use of the form as a basis for proving fraud might be seen more as detection, and it might be more appropriate to omit this phrase. Not all managers saw this as a problem, however. Managers of local authorities which had adopted a high-profile policy of prosecution of fraudulent claimants explained that their department had sought advice from the Crown Prosecution Service about the design of their form with the intention that information presented on the form would provide an appropriate basis for prosecution, if necessary.

With regard to the specific information requested and provided on the form, there was considerable difference in the level of engagement with this section of VBAF among managers. Those who had been particularly interested in how their own form compared with the VBAF suggestions had often gone carefully through them prior to the interview, and some had detailed notes of the differences found. Other managers had not done this and, when they looked at this section with the interviewer, made fairly broad comments about the VBAF suggestions in this section, or picked out one or two of the suggestions to discuss in more detail. In order to provide useful information about the contents of the forms and comparison with the VBAF suggestions, the researchers have therefore looked in detail themselves at each of the application forms. What follows here incorporates the researchers' analysis of the content of the 30 sets of application forms and the managers' own observations and comments. First, we describe briefly the whole set of forms, in terms of their length, size and purpose. Then we go on to compare the contents of the forms with the specific VBAF suggestions.

### **An overall picture of 30 application forms**

The desk analysis confirmed that most of the authorities studied were currently using one 'combined' application form for the purposes of Housing Benefit and Council Tax Benefit for people in all tenures. Going even further along the path of having a multi-purpose form, a Metropolitan authority issued the same form for claims for free school meals, school clothing grants and education maintenance awards. A small number of authorities (two in Scotland, two in Wales and one Metropolitan council) preferred to have different forms for private and council tenants, and a non-Metropolitan authority was currently using three forms - separate Housing Benefit and Council Tax Benefit combined forms for people in different tenures, as

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<sup>4</sup> The current legal advice on this point from Department of Social Security solicitors is that this would not, in law, actually constitute entrapment.

well as a separate form for applicants for Council Tax Benefit only. Those authorities with more than one form used a colour coding scheme to aid administration.

There was considerable variation in the length of application forms. The shortest forms seen were only four sides long - in two Scottish authorities. This was unusual, however, and most forms extended to eight or more sides. The longest forms of 20 - 24 sides came from London boroughs and Metropolitan authorities. Most forms used pages of A4 size or similar, and the different lengths reflected different styles of layout and type size as well as different contents. In addition to the core of questions for applicants to answer, the forms included variable amounts of guidance and explanation about filling in the form and the purpose of the information requested. Some forms also included notes in ethnic minority languages, providing brief introductions about the purpose of the form, and offering addresses and telephone numbers of agencies which might help with interpretation and provide further information. Some forms also incorporated sections to be used (or torn out for use) by employers as certificates of verification of earnings, or by landlords as verification of residency and rent.

Forms also provided a vehicle for information about other benefits that might be claimed, or useful addresses for people seeking advice. Several authorities took such opportunities, filling back pages with information for low-income households. Some of the forms studied, with attachments of several verification certificates and whole pages of information and advice, might be more appropriately described as claiming packs, rather than forms, but we do not know whether the different kinds of documents were perceived differently by claimants. Most managers thought that their own approach, in respect of overall length and general content, suited the particular needs of their local population and their administrative process.

Five of the 30 forms seen had been awarded a 'Crystal Mark' to indicate appropriate use of 'plain English'.

### **Information requested and provided for Housing Benefit administration**

#### *Identity*

None of the forms asked for any proof of the claimant's identity, or mentioned verification of identity as a stage in the assessment procedure.

#### *Residency and rent*

The VBAF document suggests ten items that should be included on the form, concerning the

residency of the claimant and the rent paid. There was some surprise among managers that there was no distinction according to tenure in this section. Questions asked about residency and rent often varied within the same authority, according to the tenure of the claimant. On the combined purpose forms, council tenants were usually routed round some sections about property; tenure specific forms for council tenants often asked very little about their home. Thus council tenants were often asked for no information about their landlord, level of rent, start dates of tenancies, date of moving in, services included or make-up of property. Where assessment officers required such information, they used the computer interface with the housing department. Some managers thought that, in this section, the VBAF document should make clear what the Department of Social Security recommendations were in respect of different tenures.

What follows in respect of the ten items under the heading Residency/Rent in VBAF refers to questions asked of private tenants (either on the combined forms or on specific tenure forms).

Examination of the whole set of forms showed that there were two items here that were never included in this sample of local authorities: a specific request to contact the landlord, and where the claimant had seen the property advertised. With respect to contacting landlords, most managers preferred their current approach - the general permission granted by the claimant to the authority, when they signed the form, to make any necessary enquiries to check the information given. They felt that this gave them sufficient authorisation for checks they might wish to make, but did not discourage those people who particularly did not want a landlord to know that they were claiming benefit. In some areas, Housing Benefit staff were told by claimants that there were some landlords who would refuse a tenancy to benefit claimants. The point was also made that if the form made specific reference to the possibility of the authority contacting landlords directly, some claimants would assume that it did not matter if they omitted some details about the property, as the authority could get the information itself. One form, used by a London borough, included a sentence to say that the authority might need to contact the landlord, with a box for claimants to tick if they did not wish this to happen.

Managers pointed out that it was not necessary for staff to know where claimants had seen a property advertised in order to process an application, and this question was therefore inappropriate for the form. Few understood why it might be helpful to ask claimants this. In some areas, managers believed that few private lets were advertised anyway, and most people

heard about vacancies from friends or by calling personally on landlords known within the area. Information offered in response to such a question would often be unreliable. The nearest any authority came to asking about the source of information about a property was a question on the forms used by some London boroughs which asked whether the accommodation had been found or arranged by the local authority as part of their provision for homeless people.

The rest of the information relevant to residency and rent was sought on most forms (or parts of forms) for private tenants. A Scottish authority used a form which did not ask about services included in the rent, relying on the tenancy agreement to show this. Start dates of tenancies and dates of moving in were sometimes not asked, as were the type of tenancy or fair rent registrations. Those managers who commented on such omissions from their current form were sometimes interested in the recommendations, seeing their usefulness in the context of fraud prevention. The point was also made that additional questions to claimants increased the complexity of forms and the administrative process, and there was some reluctance to add any questions which were not necessary to process applications.

All managers, however, reported that verification of residency and rent in the private sector was seen as a matter of key importance by all staff. One approach was to include with the forms for private tenants, either as a separate sheet, a tear-off insertion or an integrated insertion, a certificate for completion by landlords to verify details of the tenancy.

### *Household composition*

Parts of this section were unclear to managers as it was possible to interpret some of the recommendations in different ways. Thus some managers did not understand whether 'clear explanations of relationships should be given' meant that relationships should be defined within the text of the form for claimants' guidance, or that claimants should be asked to provide themselves clear explanations. Similarly, the recommendation about second adult rebate was not clear to all managers: some wondered whether this referred to the way in which the form was structured while others wondered whether this was a recommended direct question for applicants. Observations from the managers indicate that the language used in this section should be tightened, with consistency in the use of terms 'should be provided', 'should be given', 'should ask' and 'should be requested'.

Looking across the whole set of forms, none asked for any 'known as' names. Managers were generally dismissive of this suggestion. Some thought it unlikely that anybody in their local

area used an alias, and having this suggestion on the form might contribute to the stigmatisation that other claimants sometimes feel about applying for benefits. Other managers suggested that if people were using an alias, they would be unlikely to want to tell the local authority about it. The nearest any authority came to asking about other names was in a city whose form asked whether the claimant or their partner had claimed Housing Benefit before using a different name. This particular form also asked for details of the last three addresses in the previous two years. If provided, this data could be used as a check, but failure to provide such information did not affect a current claim.

The terms dependant and non-dependant were not used on all forms, and it was suggested that these, particularly non-dependant, are outdated and not 'plain English'. Many authorities were using different terminologies as sub-headings on their forms, for example 'children living in your home' and 'others in your household'. All forms included further explanations to help claimants decide how to deal with others in their household on this part of the form.

We have already referred to the confusion expressed about the recommendation concerning the relationships of other people in the household. It was common for forms to ask claimants to describe such relationships in their own language, rather than offering definitions and terminologies. Where examples were offered, these were usually simple ones such as 'son' or 'daughter', and the VBAF term 'stranger' was queried by some managers, as inappropriate and unhelpful. In general, there were preferences for using the definitions and approaches to relationship explanation that had been adopted already, and managers saw no advantages in changing their current practice.

Not all application forms asked whether the tenancy was in joint names, but there was some interest in this suggestion where it was not currently done. Among those forms which did ask this question, this was sometimes set within the questions about residency and rent, rather than household composition.

We have already described the lack of clarity reported for the recommendation about second adult rebate. There were a number of approaches to establishing a claim for second adult rebate. Some authorities used a separate form while others explained on a combined form that the information provided would be used to calculate eligibility for a second adult rebate. Such forms provided varying amounts of information about this, at different locations on the form. Not all combined forms asked people directly whether they wished to apply for second adult rebate, and managers explained that people sometimes did not understand this rebate well



enough to know whether to make such a direct request.

The recommendation that the form should request National Insurance numbers for all persons in the household, and details of non-dependants' earnings was a focus of interest for many managers during the discussion about application forms. Very few forms asked for National Insurance numbers for people other than the claimant and partner, and managers believed that there were data protection issues involved here. Some remembered previous recommendations to remove such requests from application forms, and it was suggested that the Department of Social Security had been the source of such recommendations. A small number of authorities asked for the National Insurance numbers of claimants themselves and their partners only if they were Income Support claimants. Managers in such authorities believed that this was the correct approach under data protection legislation. Quite apart from the data protection issues, there was also a view that National Insurance numbers were now unreliable as evidence because it was believed that there were large numbers of false National Insurance identities in circulation. A scheme which, potentially, could be valuable in prevention of benefit fraud was thought to be of only limited help now.

There was a range of approaches to seeking information about non-dependants' earnings. Not all forms asked for amounts of such earnings or requested proof. Some authorities asked for no information about earnings; others asked for information but not proof. Yet others requested proof only if 'earnings are low' or specified weekly amounts below which no proof was required; and yet others provided a tick box for claimants to use if the people concerned did not want to disclose details of earnings.

#### *Earned income*

Examination of the set of forms showed that no authority asked claimants for specific permission to contact employers directly. As previously reported with respect to the recommendation concerning requests for permission to contact landlords, the general permission granted by the claimant for checking information provided, in signing the application form, was thought by managers to give staff sufficient authority to contact employers if they were suspicious. It was also suggested that if the form sought this kind of specific permission, this might suggest to some claimants that they need not take any action and could leave it up to assessment staff to seek proof.

Very few forms asked directly about a second job. This was generally considered a useful suggestion, however. Only one manager, reporting from an area of high unemployment,

observed that some claimants might be angry to see this question when it was so hard to get work.

All forms enquired about child care expenses for claimants who worked, although this question was often located in different sections of the form to the main earnings information, for example in the section concerned with the claimant's children, or in a separate section about money paid out, along with questions about payments made to maintain older children in advanced education. There were no questions anywhere on any of the forms about travel and meals expenses for people who worked, and managers were puzzled about this suggestion.

Other details of earnings such as the type of work done, payroll number, bonus, tips and overtime payments, and inclusion of Statutory Sick Pay or Statutory Maternity Pay were often not asked directly on the form. Managers explained that many of these details were sought from employers if claimants used their authority's own printed employer's certificate for supplying proof of earnings. Most authorities distributed such certificates, either within or attached to application forms, or in response to telephone requests, for use as an alternative to payslips. Examination of these certificates showed, however, that within some authorities, some VBAF suggestions such as the date of starting work and details of bonus, tips etc were sought neither on the form nor on the certificate. Payroll numbers were not thought particularly useful, except for referrals for employers, should there be any direct communication. Asking about the type of work done was also not generally thought to be very useful. There was no support for asking about the date of the next expected pay increase.

It was considered that this would generate unreliable information which was unlikely to be acted on. There was reluctance to ask questions which were unnecessary for the administration and payment of benefit.

Looking, overall, at the information sought about earned income of employees one interesting aspect was the difference, between and within authorities, in the amount of information which was sought directly from the claimant. If a form asked for only minimal information from the claimant, relying on the employer's certificate to provide most of the detail, that claimant had little direct responsibility for declaring details of earnings. By comparison, an application form which asked the claimant for details, and used wage slips or employers' certificates to verify and check information already provided, laid greater responsibility on the claimant for supplying information but provided more opportunity for checking.

### *Self-employed earned income*

There was wide variation in what was asked about self-employment on application forms. Some authorities asked for no further information about earnings from claimants who identified themselves as self-employed, indicating that further correspondence would follow to establish business details and earnings. Among authorities which did ask for further information on the application form, it was rare to find any questions about second jobs, or partnerships and directorships, but these suggestions were often considered to be useful. Some managers were surprised to discover that application forms did not require business addresses which could indicate the nature of the claimant's business or provide a means of contacting them. There were mixed views about increasing the amount of information sought from self-employed people on the application form, however, and there was often preference for using a specially designed proforma for self-employed people.

Some forms included guidance about the kinds of occupations that are dealt with under rules for self-employed people. Thus, an application form used in an inner city reminded claimants that child-minding was a self-employed occupation; a form used in a seaside town gave specific instructions about proof of income by share fishermen; a London borough explained that people who were subcontracted were dealt with as self-employed<sup>5</sup>.

### *Benefit income*

The usual approach to collecting information about benefit income was by provision of a box for each named benefit, with space for amounts received by the claimant and partner, and frequency of payment. A small minority of forms required the claimant to write out the name of any benefit received, and details of receipt. Requests for information about benefits applied for but not yet received were unusual, but managers observed that this information could be useful. Managers rarely remarked on the VBAF suggestion about start dates for benefits. Observation of the whole set of forms showed that starting dates for all benefits received were rarely asked for. Those authorities which asked for start dates were selective, and this information was requested for some benefits only. However, no clear patterns were observed among the benefits selected.

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<sup>5</sup> Previous research has shown that claimants of income-related benefits often need help to recognise their employment status and that delays and mistakes in assessment can be prevented by giving help early in the application stage (Boden and Corden, 1994).

### *Other income*

Managers considered that their forms did prompt appropriately for different types of income, with suitable explanations. Study of the forms confirmed that the VBAF suggestions were generally already in operation in this respect. The only exception here was in a London borough, which omitted any prompt for receipt of maintenance. The manager did not offer the policy background to this omission, but explained that if maintenance was declared as 'any other income' this would be accepted as likely to be truthful. There were examples of specific prompts that were considered important in local areas, such as 'cash in lieu of coal' and 'British Coal Pension' in areas with pensioners from the mining industry.

Start dates, or dates of the next increase or decrease of other sources of income were not usually on application forms. Those managers which commented on these suggestions did not find them helpful. Start dates were likely to have been forgotten, and expected dates of change were likely to be unreliable.

Few managers spontaneously commented on the suggestions about type of income received, or when the income was received. The response to some prompts and enquiries from the interviewers indicates that these suggestions are unclear. For example, managers asked for an explanation of the difference between 'frequency of receipt' and 'when received'.

### *Capital and savings*

Questions about savings and capital were generally organised in a 'box' format in a similar way to benefit income and other income, with specific types of capital listed for consideration. One form asked a general question about savings, and left space for the claimant to write what they felt appropriate. Not all forms asked for proof of savings and capital.

One suggestion made by managers in respect of questions about capital was that they liked to have boxes for the claimant to write in 'no' or 'none' against different kinds of capital and savings, rather than an invitation such as 'if you have any of these please tell us about them'. They believed that it was a stronger deterrent to people who were reluctant to disclose capital if they had declare untruths. Many of the forms used this approach.

### *Changes in circumstances*

None of the forms in use included reminders in all sections about changes of circumstances and there was little support for this suggestion among managers. There was reluctance to make the form longer for this purpose. It was also suggested that reminders about changes in

circumstances had only limited impact when they were printed on initial application forms, when claimants were focussing on their current circumstances. It was more sensible to concentrate reminders about changes of circumstances in notification letters.

### *The declaration*

Surprise was expressed by managers that the form of declaration suggested by VBAF had nothing to say about the use of information provided on the form for the prevention and detection of benefit fraud, including the exchange of information with other agencies and local authorities. Some managers believed that the local authority now had an obligation to draw these matters to claimants' attention anyway, but also pointed out that telling people that the information might be cross-checked could also act as a preventive measure. Several application forms gave precise details of the kind of cross-checking that might be undertaken.

Finally, there were some suggestions that it was useful to use plain English as far as possible in the declaration. Legalistic language, for example 'withholding information' or 'could lead to prosecution' might have rather less impact than everyday language such as 'telling lies' or 'we could take you to court'.

### **Additional suggestions**

During the discussions about application forms, some additional suggestions were made about initiatives which were being tried, and thought effective in fraud prevention. A few forms incorporated an additional short section for use in situations in which the claimant had not filled in the form personally. The person who had written in answers on their behalf (for example, landlords or employers) was asked to acknowledge this with a signature. The manager in a London borough which had adopted this practice thought that this had resulted in 'better filled forms' with less missing information.

Receipts on application forms, to be torn off and kept by postal claimants, or returned in the office to personal callers, had also been tried in some London boroughs. This was primarily an aid to tracing applications during processing, particularly where items seemed to be 'lost' in the system. There was also thought to be some effect in preventing fraudulent activity, since it was less easy for claimants to argue that their application, with supporting evidence, had been lost.

### **Implications for implementation of VBAF**

Detailed comparison of current application forms with the VBAF suggestions has drawn attention to those items which were rarely, or only sometimes, included on forms. The overall summary of managers' response to the VBAF suggestions about the form is that they were interested in questions they considered directly relevant to the current assessment (such as whether people had second jobs) but reluctant to include speculative questions which would not be used in current assessments or which people could not be required to answer (such as expected dates of next pay increase).

How easy it would be to incorporate the VBAF suggestions into forms depended, of course, on how far current forms already reflected the suggestions. Some managers, particularly those using forms that ran to 12 or more pages, thought that only minor modifications would be necessary. By the time of the research interview, staff in some authorities had already decided to incorporate some of the suggestions that seemed useful. However, there were also managers who told us that their current form would require 'a complete overhaul' to bring it into line with most of the suggestions. Included here were some of the shortest forms, and those with more unusual formats, such as lack of 'box' format for benefit and other income, or capital.

There were some strong feelings that additional length and complexity would be a disadvantage. Not only would this put some people off, but it would create new opportunities for mistakes and misunderstandings, and could actually act towards increasing fraud. Demands for greater precision and more detailed information would create more situations where people could fail to provide correct information, whether by mistake, misunderstanding, or with purpose. Any change in design would have cost implications, but few managers wanted to suggest possible figures here. The costs were not just design and printing of forms; every extra question created new requirements for administration, and had implications for processing time.

Some staff saw advantages in having a standardised form. People who moved around might find it easier to fill in. There would be greater opportunity for claimants to learn by experience how to deal effectively with applications. There might be advantages for cross-checking information between authorities. In general, however, managers would be reluctant to lose overall control of the design and content of their application form. It was important that they had a form that matched the administrative procedures, the software used within various departments of the local authority administration, and the particular circumstances of local

housing markets and populations. The general preference was for sensible guidelines to be set by the Department of Social Security, to be used as a resource for encouraging good practice, but to allow local authorities some flexibility in decisions about their forms.

## Chapter Four

### BENEFIT ADMINISTRATION TESTS

#### Introduction

The second half of the Verification Framework deals with benefit administration and comprises two tests which local authorities are required to satisfy, one concerned with accuracy of decision making and the other with speed of processing.

This chapter reports an analysis of the responses of Housing Benefit managers who were asked to comment on this section of VBAF.

#### Benefit Administration (Accuracy) Test

In the interviews with managers we collected information on current procedures and practices for checking the accuracy of claims assessment and asked for reactions to the VBAF requirements.

##### *Current checks on claims assessments*

Every manager interviewed was able to describe the current policy on the routine checking of claims in their authority. These showed considerable variation in a number of ways:

- the percentage levels of checks
- the type of claims checked
- the frequency of checks
- who carries out the checks.

A number of authorities also carried out extra checks in targeted areas such as the decisions made by new staff or where mistakes had been identified. Each authority therefore had its own distinctive package of procedures. The *level* of checking typically varied between one per cent and 20-25 per cent of cases. The most common levels were five and ten per cent. One authority took a different approach and checked ten *cases* a week, rather than undertaking a percentage check.

The level of checking often varied within an authority according to the type of claim. Some authorities prioritised new claims and always carried out a percentage check on these regardless of any other checking they did. One small non-Metropolitan authority reported that they checked *all* new claims. The most common practice, however, was for a random sample



of cases to be selected regardless of whether they were new, renewal, or changes in circumstances cases. Some authorities particularly targeted rent allowance claims. One authority said that they checked *all* new rent allowance claims; the approach in another authority was to carry out a ten per cent check of these cases *daily*.

Most authorities carried out their routine checks on a weekly basis. A few (like the last authority mentioned above) carried out checks on specific cases every day. In some authorities checking was not taking place routinely but irregularly when resources were available. Other authorities, also citing limited staff resources, carried out routine checks on new rent allowance claims but carried out rent rebate checks only when they were able.

The frequency of checking was sometimes linked to who carried it out. In the 30 local authorities we visited we found at least one example of the following personnel doing routine or non-routine checks:

- Housing Benefit assessment staff - checking their own and colleagues' work
- supervisors or senior benefit staff
- Housing Benefit managers
- fraud staff
- members of specialist teams.

Where checks were carried out by staff internal to Housing Benefit departments they were more vulnerable to disruptions caused by peaks in the flow of work and staff sickness and holidays. The most sophisticated approach to checking was found in a large metropolitan authority which had set up a 'Quality Control Team'. The team comprised six people drawn from the Housing Benefit assessment staff for a period of six months after which they would return to regular assessment work. Rotating staff in this way maintained their interest in Housing Benefit assessments and contributed to their continuing training. They checked 20-25 per cent of all types of case. Each assessment officer kept a personal record of errors which was used to identify training needs. (The team was set up in response to an error rate on rent allowance cases of around 35 per cent. This had fallen to seven per cent in the two years the team had been in operation.)

Routine checking was viewed as important in the authorities visited. As well as providing an ongoing picture of the accuracy of decision making in the authority, checking facilitated the identification of training needs for individual staff, and particular types of case or procedure which were not being conducted satisfactorily and required some management action.

### *Views on VBAF*

VBAF requires that all new and current claims must be:

- assessed using correct and verified information
- calculated correctly
- assessed using the appropriate benefit rules
- payable from the correct effective date
- paid at the right amount, at the right time, to the right person.

The general response to this list of requirements was not positive. The dominant view was not that the list was flawed or unreasonable but that it was superfluous, since it only repeated the requirements of existing legislation. Many managers considered that they already complied and that therefore they could, without any changes to existing practices, 'pass this test'. Much of the task of processing claims accurately was actually carried out by the computer system, including the calculation of the amount of award and the effective date of payment. Further checking, in the way suggested in VBAF, was therefore considered to be unnecessary.

VBAF also requires that local authorities can demonstrate that accurate processing has taken place. Referring to the list above, VBAF requires that the information on the file of each case must show how these elements have been addressed. An example might be a note making clear what effective date has been applied and why, and a note of when payment of Housing Benefit was made and to who and where it was sent. The main criticism of this aspect of VBAF was that the requirements to record verification checks duplicated work already carried out and would therefore introduce inefficiencies into the processing of claims.

One approach to recording the steps in the processing of a claim was to use a 'control' sheet (also called an 'action sheet' and 'case presentation sheet') which was usually attached to the inside of a case file. These sheets were used to record the essential information about a claim and, in some cases, to act as a log of action on the claim including telephone calls and other forms of communication. There was a general feeling that these summary records probably already meet the requirements of VBAF or could easily do so if required.

As mentioned above, there were some comments that recording information 'on the file' as VBAF suggests dictates would necessitate duplicating the work already done by computer. In particular, there were a number of references to the effective date of payment which was calculated on the system rather than by an assessment officer. Recording the rationale for a computer calculation was considered unnecessary and a waste of time. A number of

authorities said that recording information in the way VBAF wanted would need more time and therefore resources (which they included in their assessment of the overall costs of VBAF, and this issue is discussed further in Chapter Six).

It was suggested that if the purpose behind the 'Accuracy Test' was to facilitate the checking of claims then this was unnecessary. Checks could be made adequately without the need for further recording of information all of which was either on computer or in a case file anyway.

### **Benefit Administration (Speed) Test**

The analysis of the responses of Housing Benefit managers to the 'Speed Test' has had to take into account the supplementary information that was provided following the initial pilot exercise (see Chapter One). In the pilot, that section of VBAF setting out the requirements that would be placed on local authorities for the timeous clearance of claims caused some difficulty for managers. It was not clear and caused confusion as to what exactly was required. As a result a 'Summary Sheet' was prepared by the Department of Social Security which was intended to clarify VBAF which had already been sent to the 30 local authorities taking part in the main fieldwork. This attempt at clarification was only partially successful.

#### *The requirements of VBAF*

VBAF sets out three speed tests, A, B and C. To meet the requirements of VBAF local authorities would have to meet either Test A or both Tests B and C for every claim. The tests are defined as follows:

- TEST A: New and renewal claims and changes in circumstances should be assessed within 14 days starting from the date of claim (or for changes in circumstances the date when the change was notified or the date the authority initiated a review of the claim).
- TEST B: Claims should be assessed within seven days starting within the date all relevant information is received. (Relevant information includes data required from the claimant, the rent officer, employer etc., and documents required to satisfy the verification elements of VBAF.)
- TEST C: If Test B is appropriate, the claim must be assessed within 21 or 28 days of the date of claim.

The version of VBAF used in the fieldwork included alternative targets for Test C in order to generate comments from managers about their relative feasibility.

Some of the confusion in the pilot exercise derived from the differences between the definitions reproduced above and a summary table which replaces the phrase 'claims should be *assessed*' with the words 'claims should be *determined and paid*'. These phrases held different meanings for Housing Benefit managers and therefore prompted different types of response. In order to clarify the intention of VBAF the supplementary 'Summary Sheet' gave a revised definition of the speed test as follows:

All new claims, renewals or changes in circumstances should satisfy one of the rules outlined below;

either

- **The claim should be assessed within 14 calendar days of the date of a properly completed claim form.** This means that the form must be completed and any supplementary information, such as wage slips and tenancy agreement, should have been supplied by the claimant.

or

- **The claim should be assessed within seven calendar days of all relevant information being received from all sources AND ALSO within 21 (28?) days of when the claim was properly completed.** Relevant information includes material from the Rent Officer, the employer, the Benefits Agency local office, etc. and includes any additional information requested by VBAF. The local authority should pursue any information which has been requested but has not been supplied. This should ensure that the overall processing time is kept to a minimum.

Despite the attempt at clarification it is clear from the interview data that Housing Benefit managers still interpreted the speed tests in different ways. As a consequence, we do not have comparable responses from 30 local authorities. However, the views expressed should be of value in revising this section of VBAF to ensure that the requirements to be placed on local authorities in the future are clear and unambiguous.

### *Comments from Housing Benefit managers on Test A*

In general there was a widespread acceptance that a target of 14 days in which to assess a claim was reasonable and feasible. However, our analysis suggests strongly that some managers did not identify the difference between the requirements of VBAF and the current '14 day determination rule' which is part of Housing Benefit legislation and requires local authorities to 'determine claims within 14 days of receipt of all information from all sources.' VBAF, in contrast, requires assessment within 14 days of receipt of a *properly completed claim form*, which may still require further action from local authorities in collecting other information. Hence, the VBAF test is more stringent than the 14 day determination rule. However, some managers, in responding to Test A, said that they were 'doing this already' or that 'this is what we have to do now'.

Several managers referred to their current success in meeting the determination rule. For example, rates of 90 - 98 per cent clearance were mentioned. A number of authorities reported that they had additional internal targets which were tighter than current requirements. One authority's target was seven days, and in another their target was to gather all the necessary information on a claim within five days and process it within a further five.

Within a general acceptance of a 14 day target there were also a number of references to circumstances that militated against timeous assessments. These included the contingencies of acute staff shortages and computer failure, the occasional but necessary improvements to computer systems or other administrative arrangements. Local authorities did not want to be penalised for delays when there were difficulties in getting information from the Benefits Agencies and other agencies. There was a feeling that penalties for local authorities were unjustified when there were adequate reasons for delays or when the fault lies outside the control of the authority.

### *Comments from Housing Benefit managers on Test B and Test C*

In contrast to the general support for Test A, the overall reaction to Tests B and C was negative. Even with the additional Summary Sheet, several managers said that they found this part of VBAF confusing or difficult to understand. While some managers claimed that once all the information on a claim had been collected they could (and in practice often do already) meet the seven day target of Test B, they added that it would be difficult to do this consistently because of the short term contingencies that can easily affect processing times (such as staff sickness). Imposing an overall target of 21 (or 28) days for assessing a case

which was reliant on outside parties (such as Rent Officers, the Benefits Agency, employers) was generally considered unreasonable.

There were suggestions that Test C would be irrelevant in many cases because of the practice of discontinuing a claim after 28 days if all the information requested of the claimant had not been supplied. Others made the point that a claim on which all the required information was received on, say, the 27th day after receipt of a completed form would have to be processed in one day (rather than the seven which constitutes Test B) for the local authority to meet the target in Test C. This was considered unfair.

Several managers put the argument for a single speed test based on Test A rather than the three suggested. This would be sufficient to promote the timeous assessment of claims and be clear and unambiguous for local authorities.

#### *General and other comments on targets for assessing claims*

There was a widespread acceptance of the need for speed tests to ensure that claimants did not wait unacceptably long times for their benefit and as a form of accountability to the public, and of their usefulness (in concentrating the efforts of Housing Benefit management and staff). The one dissenting view was from a manager who argued that targets should not be emphasised above meeting the needs of claimants whose circumstances may require a much quicker response than 14 days. He argued that acting *flexibly* to get claimants their money quickly was more important than concentrating on targets.

Several managers commented that the VBAF requirements for more verification would make it more difficult in future to meet targets for clearance times. The comment was made that extra staff would be required if new targets were to be met. There could be other cost implications for local authorities, for example in using first class postage or sending pre-paid reply envelopes in order to speed up the supply of information.

One respondent reflected that speed tests should take account of the large difference in administrative time that was taken by rent rebate and rent allowance cases. It could be sensible to have different tests for each type of case. A similar suggestion was that there should be different targets for the high risks categories identified in VBAF whose cases usually take more time to deal with.

There was some doubt about the relationship between targets for assessing claims and any kind of temporary payment, sometimes referred to as 'emergency payments' or 'payments on

account' which were made in a variety of circumstances, for example, when information from a third party had not been received. If making an interim payment was to count as 'assessing' a claim then there might be a temptation to make more of such payments purely in order to meet clearance targets. This would be wasteful, confusing and inefficient. Furthermore, the pressure to meet a clearance target might mean that in some cases decisions would be made without full information, and that therefore overall standards of decision making might fall.

#### *Implications for revising VBAF*

Both the pilot exercise and the main fieldwork show clearly the need for the sections of VBAF dealing with speed tests to be set out with total clarity. Several managers argued that the terminology used in VBAF (e.g. 'assessment', 'determination') should be consistent with the current terminology in Housing Benefit legislation. The dates from which the time taken to clear a claim are calculated should also be clearly defined. For example, several managers asked for clarification of when 'the clock starts ticking'.

## Chapter Five

# THE AUDIT PERSPECTIVE ON HOUSING BENEFIT FRAUD AND VERIFICATION

### Introduction

Appendix 3 of VBAF is called 'How to Check and Record Achievement Against the Framework' and sets out some draft arrangements that could be used in future to assess the extent to which local authorities have complied with verification requirements. It is suggested that either two per cent or four per cent of all new, renewal and ongoing claims are checked against the overall VBAF requirements and the results recorded. A new, dual role for local authority auditors is also defined. Under VBAF they will be required to:

- check a sample of all live claims for compliance with VBAF
- ensure that the findings of the supervisory checks can be substantiated by information held on the file or by a record of action undertaken when handling the case; and
- retain details of audit action for scrutiny by the District Auditor.

As part of the fieldwork in each of the 30 local authorities, a member of the internal Audit department was interviewed. Respondents were asked about current procedures for auditing Housing Benefit, for their views on the accuracy of decision making in their authority, and about the role outlined for them in the VBAF document.

The respondents interviewed in audit sections in local authorities were, generally, senior auditors or above, and in some cases the Principal or Chief Auditor. There was a general agreement that their work was principally oriented towards checks on the *systems* for processing Housing Benefit claims rather than concerned with the details of how Housing Benefit officers performed their various tasks. Task oriented checks tended to be seen as the responsibility of Housing Benefit supervisors and managers. However, there were differences in the approaches of auditors and their views about their role. Many auditors described their work as an accountancy function, while others perceived their primary task to be fraud prevention. Independence from other departments within the local authority was seen as essential to their role as overseers of the systems used to calculate payments.

Fewer than half the auditors who were interviewed had received training in either awareness or prevention of fraud; of the remainder, some had received training in fraud awareness but not in fraud prevention. Thus a substantial proportion of auditors had received no specialist



training, and considered their formal training as auditors to be adequate in providing them with the knowledge to check that systems were protected against fraud.

This chapter continues with a description of the structure of audit departments and the services provided by them. This is followed by an analysis of audit policies and details of audit plans for Housing Benefit and Council Tax Benefit. Next we describe the variations in how audits are actually carried out in different authorities. In the final section, respondents' views on the effectiveness of the plans, and on the VBAF document, are discussed.

### **The structure of audit departments**

The size of audit departments in the study ranged from 25 staff in one of the Metropolitan authorities to 1.5 staff in a small non-Metropolitan authority. The Audit department could be independent of all other local authority departments or, commonly, would be situated within the finance department. Some local authorities had contracted out the audit function to an outside private company<sup>6</sup>. Some audit departments employed a computer specialist who would advise on computer enhancements and new systems for Housing Benefit and Council Tax assessment.

Local government reorganisation had affected both the type and level of staffing in a number of audit departments, so that some staff had little or no personal experience of carrying out a Housing Benefit or Council Tax Benefit audit. Auditors in some local authorities described how work which had previously been within their jurisdiction had been taken over by the fraud office, particularly since the introduction of Weekly Benefit Savings, while elsewhere audit departments had incorporated the fraud office. A substantial proportion of auditors believed that the system of WBS had been useful in highlighting fraud by providing a focus for efforts to combat fraud within their authority. Others, however, perceived that the system of incentives had distracted Housing Benefit and fraud staff away from fraud prevention in their efforts to maximise Weekly Benefit Savings.

### **Audit policies and plans**

In the interviews, members of audit departments were asked about the policy towards Housing Benefit administration and about the details of their audit plans.

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<sup>6</sup> Interviews in these authorities were carried out with auditors from the appropriate private sector contractor.

The great majority of audit departments in the study adopted a system-based approach to Housing Benefit which emphasised scrutiny of procedures, and the checks and balances of administrative processes, rather than the details of individual benefit assessments (though some claims checking was carried out).

A common practice was to discuss areas which should be the subjects of scrutiny by audit with Housing Benefit managers prior to drawing up the audit plan. The discussion might include a risk analysis of, for example, high value payments, particular geographical areas, or certain types of accommodation, such as HMOs. Some auditors, including those where the audit function had been contracted out and those who had no experience of local authorities, worked from Audit Commission guidelines. Risk analysis was used to prioritise areas for audit since resources had become limited. Rent allowance was perceived as an area open to abuse, although the respondent in one authority thought that rent rebate payments were equally open to abuse through double letting and sub-letting.

Audit plans typically consisted of a rolling programme of checks over a period of between one and five years. A 'full' audit was carried out every three to five years, while smaller audits, on specific aspects of Housing Benefit administration, were usually conducted annually. Plans incorporated the allocation of a certain number of days for Housing Benefit and Council Tax audits; these averaged around 30 days per year, with a range of five days per year for both Housing Benefit and Council Tax Benefit in a small non-Metropolitan authority (in which the audit function had been contracted out), to 30 per days per year each for Housing Benefit and Council Tax Benefit in a Metropolitan authority. Audits could involve from one to four audit staff, with the majority of the work, which consisted of routine data checking, being carried out by junior staff. Most but not all, audit departments checked at least some aspect of Housing Benefit administration every year. Local authorities which had recently experienced reorganisation were, at the time of interview, less likely to have formulated a comprehensive plan.

As part of an audit it was usual practice to check that any recommendations from the previous audit had been implemented, and to investigate further if this had not happened. It was practice in some local authorities for auditors to conduct tests in the field, such as hand delivery of cheques, while in others all audit was office-based. Audit staff in two local authorities (a London Borough and a non-Metropolitan authority) expressed their reluctance to initiate an audit of Housing Benefit because of poor relations with the Housing Benefit department.

In many audit departments staff were rotated so that they did not carry out Housing Benefit audits routinely but gained experience in all aspects of the work of the local authority. This also prevented individual auditors from becoming too familiar with Housing Benefit systems and therefore acted as a safeguard against internal fraud.

Almost every audit department considered that the investigation of any suspected internal fraud was their responsibility.

### **How Housing Benefit audits are carried out**

#### *Housing Benefit assessments by front-line staff*

In most of the authorities visited a specified number of cases from the Housing Benefit caseload were selected for an audit check rather than a percentage of new and other claims. Sample selection was random in some authorities and targeted in others. Auditors would typically select a sample of between ten and forty cases, in some authorities ensuring that every front line assessment officer was included. Some authorities did not have the computer capability to generate samples which could identify individual officers in this way. Often the sample would be randomly selected by the computer, but more often would be stratified to include new and renewal claims. Claims with certain characteristics, such as duplicate names or addresses, might be targeted. It was a common practice to replicate the reassessment process completely on a small number of claims, such as five each of new and renewal claims. If any irregularities were found, the sample would be widened until the extent and the source of the discrepancy could be identified.

Audit of front line decision making included the scrutiny of visible evidence such as the application form, original documents or photocopies (in particular of tenancy agreements and evidence of earnings). In some authorities assessment officers would initial files to indicate they had seen a document; auditors differed in their opinions as to the acceptability of this rather than taking photocopies. Some auditors said that in their authorities there was often insufficient documentary evidence in case files to allow them to evaluate whether a claim had been assessed correctly.

A number of Metropolitan authorities had dispensed with paper files, so that all information was recorded onto microfilm and on the computer 'notepad' facility. Auditors in one of these authorities found it difficult to read the microfilm because of poor quality reproduction and would have liked the original documents on file.

The majority of auditors did not check the actual calculation of the amount of an individual payment because they did not perceive such checking to be a part of their remit. They assumed that computer calculations would be accurate. Others, however, did check the calculations. Audit in one small authority consisted of checking *only* the computer data for accuracy, looking for trends in computer printouts. The audit department in this authority also examined all cases which were referred to the fraud office.

### *Supervisors' checks*

Audits on supervisors were more likely to be carried out as part of a full audit, every three to five years, than with a partial annual audit. Audit departments were less likely to check supervisors' work, although one auditor highlighted this check as a prime audit objective because it provided system feedback on control and monitoring. The audit entailed confirming with the supervisors that their initials were on a file, and which checks had been carried out on the initialled files. Checks on supervisors were therefore often in the form of an interview or an appraisal rather than a visual examination of their work. One respondent commented critically on the practice of some supervisors who drew a sample for checking from the in-trays of assessment staff. This made it possible for front line staff to prevent certain cases from being subject to supervisory scrutiny.

A substantial proportion of auditors could not say whether or not supervisors' checks were documented. A record of supervisors' checks was a common recommendation in reports. An auditor from a contracted out authority commented that it would be difficult to detect collusion between front line staff and supervisors. Auditors from two Metropolitan authorities did not audit supervisors, and could not say what checks supervisors should be carrying out. Audit in another Metropolitan authority looked for evidence that a check had been done, before replicating the supervisory check themselves.

All the auditors in the London Boroughs visited included supervisors in their checks. Those with contracted out audit functions checked files which supervisors had already checked, or interviewed supervisors.

### *Other duties carried out by Audit staff*

A few audit departments, from Metropolitan authorities and non-Metropolitan authorities, had provided training to staff within their Housing Benefit departments which had included sessions on data matching and on conducting interviews with claimants who were under suspicion of committing fraud. Some audit departments had provided training in the past, but

had ceased this provision subsequent to local government reorganisation owing to the lack of resources. Some auditors thought that training was not their role, and others that training was unnecessary because 'fraud prevention is simply common sense', although some need to explain the implications of fraud was recognised.

In one non-Metropolitan authority, audit department staff hand delivered some Housing Benefit cheques as part of the audit exercise. Hand delivery was labour intensive but considered to be effective in detecting fraud.

### **Effectiveness of audit activities**

Judgement on the effectiveness of Housing Benefit audit was tempered by the acknowledgement that while detection can be quantified, prevention cannot. One Metropolitan authority auditor thought their system sufficiently secure to keep fraud to a minimum, but emphasised that the audit remit was to advise on fraud prevention rather than to detect fraud. An auditor in one non-Metropolitan authority reported that his department had been unable to carry out the Housing Benefit audit satisfactorily because of what was described as poor administration, resulting in files which could not always be found and, sometimes, the creation of duplicate files. Auditors frequently found that supervisors had not checked assessment officers' work. Supervisors were interviewed and appraised as part of the audit, but their checks could not be scrutinised because of the lack of supporting documentation. A number of auditors in several authorities said they were unhappy about the lack of adequate records of supervisory checks on decision making by front line staff.

An auditor in a London Borough, which contracted out their audit function, believed their fraud detection rate was low because their prevention strategy was excellent. In one small non-Metropolitan council it was reported that the authority had insufficient resources to implement the recommendations made by audit. Serious shortcomings were exposed by audit in a small authority which, it was believed, stemmed from the lack of a formal policy, and low fraud awareness within the authority generally. An auditor from a Scottish authority lacked confidence in the security of the Housing Benefit system because of the lack of supporting documentation for claims.

### **Comments on VBAF and implications for implementation**

As mentioned in the introduction to this chapter, VBAF will require audit departments to carry out checks on a sample of new claims and on a percentage of supervisory checks. In interviews audit staff were asked to comment generally on this new work, and specifically on

the alternative percentages (two or four) suggested by VBAF for checking new, renewal and ongoing claims for compliance with the requirements for verification. Some auditors, particularly those who had had an opportunity of looking at the VBAF document prior to interview, were able to make informed responses. Others seeing VBAF for the first time during the interview gave less specific responses and in some instances were thought not to have grasped fully what VBAF was suggesting regarding the link between Housing Benefit verification and audit. One auditor stated simply that he did not understand this aspect of the VBAF document.

Most of the auditors interviewed interpreted VBAF to mean that supervisory checks on claims should be carried out at the level of two to four per cent. Reactions to these alternatives were mixed but the prevailing view was that a higher percentage check was necessary. An auditor with a Metropolitan authority thought four per cent inadequate, explaining that it would represent a control weakness which could tempt staff to reduce standards. Suggested alternatives to the percentages in VBAF included five and ten per cent, figures which often matched the level of checking currently undertaken in the respondent's own authority.

In contrast, some auditors thought that a sample of 4 per cent would provide a reasonable level of confidence in their systems, and that this level of checking would be feasible, dependent on the size of the authority. Others believed the sample size should be appropriate to the size of the population and needs of a particular authority. The auditor in one medium-sized contracted out non-Metropolitan authority was happy with his own sample of two per cent, and believed that more would be unnecessary. Auditors in other authorities believed that their own flexible methods of sampling were more appropriate than a fixed two or four per cent. It was argued that high risk areas, such as rent allowance cases, required extra resources for a satisfactory audit, while confidence could be placed in lower risk areas using a small percentage sample. An auditor with a Metropolitan authority offered no view on the sample percentages of two or four per cent but said that he would need to know the error rate before deciding on a sample size.

Some auditors interpreted VBAF to mean that *they* would be expected to carry out percentage checks on claims to establish whether verification requirements had been met. This was not welcome and viewed as infeasible. An auditor with a small city authority repeated his argument that a system based approach to audit was more appropriate and satisfactory than a transaction based audit. It is possible that VBAF should be clearer about the expectations or requirements that will be placed on local authority audit departments.

Some auditors offered more general comments on the VBAF document. For example, one said that a letter from a bank or building society is poor verification of capital, since it does not show debits and credits to an account. Some anxiety was also expressed about the responsibility for the loss of valuable documents such as unit trusts. The comment was made that share certificates will soon be replaced by 'electronic' shares.

Some auditors said that if the whole of VBAF was implemented there would be resource implications for audit departments as well as for Housing Benefit departments. Extra staff would be required. The general view of VBAF was, however, that any means of raising awareness of fraud and of improving the quality of Housing Benefit decision making was welcome.

## **Chapter Six**

### **THE COSTS OF IMPLEMENTATION**

#### **Introduction**

The requirements of VBAF have resource implications for all local authorities. In any particular authority the cost of implementing VBAF will depend on a range of factors, including:

- current verification procedures and practices
- size of caseload
- case mix between private and public tenants
- geography of local authority area
- current computer systems.

In the interviews with managers an attempt was made to obtain estimates of the overall costs of implementing VBAF. Some managers said that they could not give any estimate because they did not have access to the necessary management information, were unsure about what exactly they would be required to do under VBAF, or did not feel competent to assess the implications of VBAF for their authority's computer systems. Other managers did not give any quantified estimates of actual costs or of the numbers of additional staff that would be needed, but in some cases identified where extra costs would be generated in their authorities (such as recruiting visiting staff, or redesigning claim forms).

In contrast, about a half of the managers interviewed were prepared to make some quantified estimate of the resource implications of implementing VBAF. These estimates included one or more of the following:

- the overall cost
- the costs of extra staff
- the costs of changing computer systems
- other peripheral costs (such as redesigning claim forms and buying additional equipment).

The data collected are therefore not comprehensive nor directly comparable; we have been able to draw only on what managers were prepared and able to discuss at interview. Nevertheless, the information does appear to give some indication of the possible start up and continuing costs of putting VBAF into operation. Some managers (and other staff in their



interviews) commented that the costs of VBAF will not fall solely on local authorities. There would also be implications for claimants who may have to make more visits to local offices, pay for copies of original documents, pay for extra postage and so on. Some anxiety was expressed that additional costs of this kind might dissuade some claimants from pursuing their claims. However, the main aim of this chapter is to present the data we have on the costs of employing extra staff, computer costs, and other costs to the local authority. We will then discuss the information gathered on the overall cost of implementing VBAF.

### **Costs of employing extra staff**

Nearly all managers said that VBAF would require additional staff. Some managers only mentioned a need for visiting staff during interviews while others also said that more office staff would be needed<sup>7</sup>. As we have described earlier, there is great variety in the extent to which local authorities carry out visits to Housing Benefit claimants. For most authorities the VBAF requirements would necessitate additional visits to new claimants (not only in the 'high risk' category but also to claimants who might have difficulty visiting an office such as older people or people living in rural areas) and a programme of visits which will be part of in-year verification procedures.

Managers gave estimates of the numbers of visiting staff needed between one (in a small non-metropolitan authority) to fifteen or sixteen (in a London Borough). Clearly the number of visits that an authority will have to carry out, and hence the number of staff required, will depend partly on the size of its caseload. Furthermore, the number of staff will be influenced by the average distances that visiting officers have to travel for each visit. A visiting officer covering a large rural authority will not be able to achieve as many visits in a day as an officer covering a small urban or city area. It was also expected that the numbers of visits that are currently made by pairs of officers (to maintain personal security) would have to increase.

In order to allow some crude comparison between managers' estimates of additional visiting staff required, we have, where the necessary information is available, compared these estimates with the size of the authority's *private tenant* caseload since this will be the source of most verification work. We have therefore calculated the number of extra visiting staff needed *per one thousand private tenants*. The result of this calculation gives a range of

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<sup>7</sup> Managers varied in the depth of their answers to questions about the potential costs of VBAF. Some managers had thought through the implications of VBAF more than others.

between 0.2 and 2.0 visiting staff per thousand private tenants<sup>8</sup>. These figures must be treated with considerable caution, firstly because they are based on only a few authorities, and secondly because the number of *extra* staff needed will also depend on how many an authority has in the first instance. However, they may be useful in thinking about the possible range of the cost per authority of implementing the VBAF requirements regarding visiting.

Several managers pointed out that a new regime of visits will also generate costs associated with travel, such as petrol, and car allowances, although no specific estimates were placed on these.

Although some managers did not mention any costs of employing additional staff within Housing Benefit offices it is probable that most authorities would need more office staff to deal with the work created (i) by the requirements for more verification of information supplied with new claims, changes in circumstances, and renewals, and (ii) to support the increased number of visits which would generate associated administrative work. Some managers had clearly given this some thought and made a range of comments. The type of work that would be generated included gathering additional information, recording verification checks, making and receiving more telephone calls, dealing with more callers bringing in original documents, photocopying original documents, and possibly dealing with more complaints and appeals. A manager in a London Borough estimated that VBAF would generate an average of 20 minutes additional work per new claim. One manager in a local authority with an extensive network of caller offices said that additional time (and therefore additional staff) would be needed to deal with the expected increase in callers to those offices.

A few managers estimated the requirement for extra office staff in their authorities, ranging between one (in a small non-metropolitan authority) to ten (in a London Borough).

Some managers did not disaggregate their estimates for additional staff into visiting officers and office staff but gave an overall figure. Where we have the necessary information (i.e. an estimate of the overall staff requirements) we have performed a similar calculation to that carried out above in respect of visiting staff to arrive at an estimate of the total staff costs of implementing VBAF compared with size of private tenant caseload. Estimates lie in the range 0.6 to 2.1 per thousand private tenants in the caseload.

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<sup>8</sup> The estimate of 2.0 staff was derived from one small Scottish authority. We suspect that the manager may have been erring on the high side since the next highest figure is 1.3.

One local authority stood out as an exception to the general finding that VBAF would have, in some cases large, staff resource implications. One Housing Benefit manager said that the cost of implementing VBAF in her authority would be minimal. This was a large commitment of resources from the authority but considered worthwhile<sup>9</sup>. Whether there are other local authorities in Britain similar to this is unknown.

The costs of taking on an additional member of staff varied between authorities, but a typical figure quoted was in the region of £15,000 salary cost in addition to which the usual on-costs would apply. One London Borough quoted a unit cost of £20,000 for staff. The highest figure quoted was £25,000 from a medium-sized non-metropolitan authority.

### **Computer costs**

Assessments of the need for resources for changing computer systems were varied. All managers recognised that their system would require updating but few were able to make any quantified estimate of what it would cost. It is probable that the manager was not the best placed person to ask about computer costs in each authority.

Computer costs will depend partly on the local authority's existing system. Some authorities had recently upgraded their system, while others had not made any major changes for many years. Of the managers who offered an opinion on costs there was a split between those who thought that the changes made necessary by VBAF would be minor and therefore not expensive and those who foresaw major overhauls of their authority's hardware and software systems. In the latter category were three managers who estimated costs in the range of £40,000 to £70,000. One manager suggested that additional funds might be needed if Data Image Processing was judged to be a cost-effective means of recording information, for example from original documents.

One manager noted that updating software was not problematic but even the smallest changes that they had made in the past attracted a price of around £2,000 each.

### **Other costs**

Some managers identified a number of additional costs that would flow either from VBAF itself or as a consequence of employing more staff. These included:

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<sup>9</sup> The system of visiting new claimants in this authority was set up to prevent the possible recurrence of a staff fraud.

- redesigning claim forms
- purchasing new equipment
- secure storage facilities (for storing temporarily valuable original documents)
- additional accommodation for office staff
- making provision for more callers (including bigger reception areas and facilities such as toilets)
- increasing expenditure on stationery and postage.

In the chapter on the application form we reported that at one extreme some managers thought that VBAF would require them to make only minor modifications to their existing forms while at the other extreme some considered that a major redraft would be necessary. Responses on the cost of redesigning forms varied from 'not expensive' to an estimate of up to £5,000 (based on increasing the length of the form by two pages).

Equipment costs (which were not quantified by any of the managers interviewed) included extra desk-top computers for new office staff, mobile telephones for visiting officers, and additional telephone lines to cope with the expected increase in telephone calls from claimants and third parties.

Several managers referred to the impact of taking on more office staff on their requirements for office accommodation for which they would have to budget. Some managers said that finding more space in their existing accommodation would not be possible as they were at full capacity. Postage and stationery costs would inevitably rise with the increased amount of verification work that would be carried out under VBAF.

### **Overall costs and start-up costs**

Some of the costs of implementing VBAF will be mainly non-recurrent, such as changing computer systems and redesigning forms, while others will be required recurrently, such as staff salaries and expenses. However, regardless of whether costs are recurrent or not, most can be considered as essential start-up costs since they will have to be met at the outset in order for VBAF to be put into operation fully. Only some equipment costs and office costs might be deferred until later.

Four managers gave overall figures for implementing all of the VBAF requirements.

Manager #1 (from a medium-sized non-metropolitan authority, with a below-median private tenant sector) quoted a figure of £35,000 for additional staff, travel costs, and equipment. However, he did not give a figure for changes to their computer system.

Manager #2 (from a large metropolitan authority, with a below-median private tenant sector) gave a figure of between £100,000 and £150,000 to cover staff, travel, changes to the application form, updating the authority's computer, and additional accommodation costs.

Manager #3 (from a large metropolitan authority, with an above-median private tenant sector) said his authority would need £150,000 for staff and travel, additional telephone lines and major changes to their computer system.

Manager #4 (from a large metropolitan authority, with a below-median private tenant sector) estimated extra costs of £214,000, comprising computer costs of £40,000 and £174,000 for staff, travel and additional office space.

One manager made the comment that the costs of implementing VBAF might be offset in time by some reduction in the number of Housing Benefit claims and in the number of possibly fraudulent cases that would have to be investigated.

## Chapter Seven

### DISCUSSION

This chapter brings together selected findings from the series of interviews in 30 local authorities, and points to the key issues for policy makers, in moving forward towards implementation of the VBAF suggestions<sup>10</sup>.

#### Selected findings

##### *General commitment towards prevention and detection of fraud*

Everybody interviewed believed that prevention and detection of fraud was an important part of Housing Benefit administration and delivery, and that there was an advantage in working towards a shared approach within their office. Currently, authorities were at different stages in the development of solidarity in approach to the prevention of fraud, but suggestions about developing and strengthening their approach were welcome. There was therefore a generally positive interest in VBAF, and the practical suggestions and implications were given full consideration.

However, prevention and detection of fraud is only one part of effective and appropriate benefit administration. Aspects such as customer care and encouragement of take-up are also important, and managers and assessment staff are keen to maintain a proper balance between priorities. The VBAF suggestions were thus viewed within the overall context of benefit administration, and staff considered not only whether fraud might be prevented but also what other effects there might be on claimants. Although staff had no doubt that fraud did take place, and must be taken seriously, they tried to work on the assumption that most customers prefer to behave honestly, and that vulnerable and relatively powerless people need help and encouragement to engage successfully with a complex and frequently changing system. There was a reluctance to go too far in the direction of categorising as 'potential fraud' the reporting and presentation of information that might appropriately be described as 'confusion', 'misunderstanding' or 'mistakes'.

The VBAF suggestions were also considered within the context of the various targets which already exist within the benefit administration. Most respondents thought that having targets

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<sup>10</sup> Issues connected with the verification of new and renewal claims, high risk cases, landlord fraud, and in-year checks are not included in this version of the report.

to meet can be helpful in the development of an effective and efficient service, but at the same time there can be tensions in trying to meet all targets. Introduction of any new targets for prevention of fraud will inevitably have knock-on effects on the way other targets are approached.

### *Training about prevention of fraud*

Fraud officers had usually undertaken specific training about fraud prevention. However, the emphasis in such exercises was very much on detection and this approach has certainly been encouraged by the financial incentives introduced, such as Weekly Benefits Savings. Training events offered by fraud officers to other staff probably reflected this particular emphasis of their own work.

The interviews suggested that there is probably scope for developing the training and education of assessment staff in aspects of fraud prevention. A traditional approach, at this level, has been to encourage 'fraud awareness', which usually means being alert to possibilities of fraudulent activity, and sharing doubts or anxieties about particular cases with more specialist staff for further investigation. Changes in staff responsibility from fraud awareness to the more proactive stance of fraud prevention will require appropriate training resources.

### *Application forms*

There was considerable variation in the content and style of application forms, and while some forms currently in use reflected the VBAF suggestions fairly closely others would need substantial redesign to bring them into line. Any additional information sought by means of the form has implications for the claimant, the assessment staff and subsequent office procedures. There were some strong feelings that increasing the length and complexity of forms should be avoided. Not only was this likely to put people off, and depress take-up, but it would also lead to misunderstandings and confusion which would take more time to sort out, and, with the trend to categorisation of such mistakes as 'potential fraud' could reinforce negative associations.

The preference was for the Department of Social Security to set guidelines for the design of forms, but allow local authorities flexibility in decisions about the content, layout and style, to accommodate their own administrative procedures, their resource constraints, and their particular local circumstances.

It seemed likely that many authorities would not consider it feasible or desirable to adopt the complete package of suggestions about the application form. What was being suggested would generate general interest and consideration however, and be put into practice selectively, within a time scale which resources allowed and which reflected the perceived need for change.

#### *Accuracy and speed of administration*

Checking of claims was considered important in all authorities, but what was done in this respect varied. Resource constraints could mean that this was an irregular procedure, or limited to Rent Allowance claims. Those authorities which maintained regular checking procedures varied in the level of checking undertaken, and who was responsible for conducting the checks. Fraud staff might be involved, or even a specialist 'Quality Control Team'.

There was a range of comments in response to the VBAF proposals for speed and accuracy tests. The proposed accuracy test was considered superfluous by most managers, adding nothing to the requirements of legislation, and making suggestions about recording information that would duplicate work already done by computer processing.

Despite attempts at clarification of the speed tests proposed in the VBAF document, confusion remained and there is a need for further attention to the wording of this section. Although the VBAF 14-day target is a more stringent test than the 14 day determination rule within legislation, this was not always recognised, and managers' general acceptance of this test probably reflects this confusion.

In contrast, the overall reactions to the Tests B and C were negative. There was an underlying feeling that authorities should not be penalised for failing to meet targets which depended on outside parties. However, support for the principle of speed tests was almost unanimous among managers. They provided a means of maintaining service to claimants and of encouraging effective administration. It is thus particularly important that this section of the VBAF does not undermine the support that exists in this area, by poor presentation and lack of clarity.



## Appendix A

## Appendix A

### SAMPLE OF LOCAL AUTHORITIES FOR MAIN FIELDWORK

The selection of local authorities for inclusion in the main fieldwork of the project was based on the following criteria.

- Type of authority
- Size of Housing Benefit caseload
- Case mix between private and public sector tenants
- Achievement of Weekly Benefit Savings (WBS)
- Political control of authority
- Geographical location.

Data which could be used as indicators of the Housing Benefit caseload, case mix, and Weekly Benefit Savings were made available to the research team by the DSS. The data were for the year 1995-96.

Each authority was allocated a code according to the following schedule.

#### Size of caseload (using expenditure as a proxy)

Authorities were grouped into three categories by the size of their housing benefit expenditure for 1995/1996.

- |              |  |
|--------------|--|
| 1 = 'Small'  | (less than £13.6 million)                              |
| 2 = 'Medium' | (more than £13.6 million, but less than £25.5 million) |
| 3 = 'Large'  | (more than £25.5 million).                             |

#### Case mix (using proportion of expenditure on rent allowances as a proxy)

Authorities were divided into two equal groups about the median value for the proportion of budget expenditure paid on rent allowances. **N.B.** The median value was 26 per cent

- |  |
|--|
| 1 = Local authorities <b>below</b> the median value  |
| 2 = Local authorities <b>above</b> the median value. |

#### Achievement of Weekly Benefit Savings

Authorities were divided into two equal groups about the median value for Weekly Benefit Savings achieved as a percentage of the target set for the authority by DSS. **N.B.** the median value was 145 per cent

- |  |
|--|
| 1 = Local authorities <b>below</b> the median value  |
| 2 = Local authorities <b>above</b> the median value. |

#### Political control

Information on the political control of local authorities was obtained from the Local Government Chronicle.

The details of the local authorities selected are presented in the tables overleaf which are divided into the different types of authority and their location. Four local authorities had



**DEPARTMENT OF SOCIAL SECURITY**

The Adelphi, 1-11 John Adam Street, London WC2N 6HT

Telephone 0171-962 8000

Gtn. 391

23 September 1996

I am writing to ask for your help with research which the Department of Social Security has commissioned on verification procedures and accuracy checks for Housing Benefit and Council Tax Benefit.

The research is feeding into the development of a national Verification and Benefit Administration Framework (VBAF), which the Department is producing in consultation with the Local Authority Associations and which forms part of the Department's Security Strategy. The aim of the research is to gather information from a sample of local authorities about the verification processes and accuracy checks undertaken on HB/CTB claims and in-year reviews. An important component of the research will also be to seek local authority managers' views of the draft Framework. (The attached fact-sheet provides more information about both the research study and the VBAF.)

We have commissioned the Social Policy Research Unit (SPRU) at the University of York to undertake the research on our behalf. Researchers from SPRU will be visiting up to 30 local authorities between October and December. The authorities have been carefully selected to ensure that we have an appropriate spread of types and size of authority.

Your authority is one of the chosen sites and I hope that you will agree to take part. Each authority will be visited by two members of the research team for a day. Although they will need to discuss with you who would be the most appropriate people to talk to in your authority, we have in mind interviews with up to 3 or 4 officers. The research should not take up more than two hours of any one individual's time.

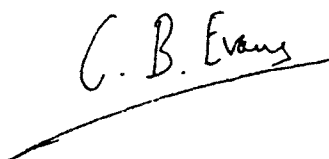
Your participation in this research study is voluntary, but it is very important that we talk to as many authorities as possible. Each participating authority will receive feedback on the findings of the study when it has been completed.

I can assure you that all information provided during the research will be treated in strict confidence by the research team. The results of this study will be presented in such a way that no individual or local authority can be identified in the report which is provided for the Department.

One of the research team at SPRU will contact you in the next few days to discuss the research and, if possible, make an appointment to visit your authority. Meanwhile, if you would like to know more about the study, or if you have any queries, please do not hesitate to get in touch with Rachel Trott (0171 962 8555) here in the Department.

Thank you in advance for your help with this research.

Yours sincerely

A handwritten signature in cursive script that reads "C. B. Evans". The signature is written in dark ink and is underlined with a single horizontal stroke.

Chris Evans  
Policy Manager, Housing Benefit Security Branch

## APPENDIX C

# **Verification and Benefit Administration Framework Research Fact-sheet**

## **What is Verification and Benefit Administration Framework (VBAF)?**

VBAF will set out the information from potential and existing HB/CTB claimants which must be verified or checked before benefit can be determined correctly. It will also set out the elements of a benefit assessment which must be followed to ensure that the benefit is calculated accurately and to time. It is currently being produced by the Department of Social Security following consultation with Local Authority Associations, the Audit Commission and the Accounts Commission. VBAF will be issued to all local authorities to be implemented during 1997.

## **Why is this research being undertaken?**

The Department needs information on verification procedures currently carried out by authorities and wishes to explore views of VBAF. The Social Policy Research Unit (SPRU) have been commissioned to carry out the research on behalf of the Department. The findings of this research will be used to modify the Framework which is currently in draft form.

## **How was your authority selected to take part in the research?**

The sample has been selected so that we learn about a range of authorities. Criteria used for selection included caseload size and mix as well as some indication of existing fraud activity taken from the Department's Weekly Benefit Savings data. We are covering England, Scotland and Wales.

## **What will the research involve?**

Agreeing to take part in the research means that a researcher will visit your authority for two days. During this time the researcher will interview 3 or 4 members of staff about how claims are verified and checked for accuracy. Exactly who the researchers wish to talk to is likely to vary in each authority but they are likely to include the following people; Housing Benefit managers; Front-line staff; Internal Auditors; Fraud Investigators. The researchers can discuss this with you before the visit.

## **When will the fieldwork take place?**

The fieldwork will take place between October and the end of December, at a time convenient to you. The researchers will be contacting you shortly to arrange a time if you are willing to take part.

## **Who are SPRU?**

The Social Policy Research Unit (SPRU) are an independent research unit based at the University of York. They have extensive experience of conducting research for the Department and have carried out research in local authorities. The method used for this research is one which has been used successfully in the past.

## **When will the research findings be available?**

We hope to be able to give participating authorities feedback on the research in Spring 1997.

## **Any further queries**

If you have any further queries or questions about the research, please contact Rachel Trott (0171 962 8555) Social Research Branch, 10th Floor Adelphi, 1-11 John Adam Street, London, WC2N 6HT.

Social Research Branch  
Department of Social Security

## APPENDIX D

## TOPIC GUIDE FOR HOUSING BENEFIT MANAGERS

The main purposes of interviews with Housing Benefit managers are:

- to gather information on the 'official' view of what fraud prevention measures are undertaken by Housing Benefit and Council Tax Benefit staff
- to get response to Verification Framework, at the level of individual suggestions and as a whole

### PROPOSED STRATEGY

Go through the main divisions of the Verification Framework and ask similar questions about how the suggestions compare to current practices. Identify which ideas are either (i) completely new or (ii) a variation on existing practice). Get assessment of individual (new) suggestions against the following criteria:

- general desirability
- feasibility
- likely effectiveness
- effect on clearance times
- cost

The interview will be divided into the following main sections.

1. The application form (pp.1-5 of VBAF)
2. Evidence of new claims (pp.6-18)
3. Further verification and high risk cases (pp.19-21)
4. In-year verification (pp.22-26, and Table 2)
5. Benefit accuracy test (p.27)
6. Benefit speed test (pp.28-30)#
7. General views on layout and style, usefulness of appendices

### HOW TO USE THE TOPIC GUIDE

The left hand column describes each of the main topic areas to be covered in the interview. The middle column contains a lead question to begin discussion of each topic. The right hand column contains follow up questions to explore responses in more depth.



MAIN TOPIC	LEAD QUESTION	FOLLOW UPS AND PROBES
<b>General approach to fraud and prevention</b>	<i>In general, is there any sort of policy towards Housing Benefit and Council Tax Benefit fraud and fraud prevention in the office (or in the authority)?</i>	<p><i>How much interest/commitment is there towards fraud prevention from the authority members?</i></p> <p><i>In the last few years (say) have there been any initiatives or changes in the way fraud work is carried out? PROBE FULLY: E.g. are you involved in any special exercises with the DSS, the police, or any local employers?</i></p> <p><i>Do you put on any specific training on fraud prevention?</i>  <b>PROBE FOR DESCRIPTION OF TRAINING</b></p> <p><i>How effective would you say your current fraud prevention measures are?</i></p>
<b>Application form</b>	Looking at the suggestions in VBAF on the content of application forms, how do these compare with your existing forms?	<p><i>What do you think of the suggestions in the Verification Framework? Are they a good idea?</i></p> <p><i>Would they help prevent fraud?</i></p> <p><i>Would claimants be able to provide all the evidence and information?</i></p> <p><i>Would they make the job of processing claims easier or quicker?</i></p> <p><i>How costly would it be to redesign your forms?</i></p> <p><b>PROBE: Do managers want to retain control over form design?</b></p>
<b>Verification of new claims</b>  NB. GO THROUGH pp.8-18 OF VBAF TAKING FOLLOWING TOPICS IN TURN: <ul style="list-style-type: none"> <li>- identity</li> <li>- household members</li> <li>- rent and type of accommodation</li> <li>- earnings (employees)</li> <li>- earnings (self-employed)</li> <li>- benefit income</li> <li>- other income</li> <li>- capital</li> </ul>	<p><i>Can you explain what verification procedures are carried out to confirm (the identity of the claimant) routinely on all claims, and on specific types of claim or claimant.</i></p> <p><b>PROBE FULLY</b></p>	<p><i>Looking at the suggestions in the Verification Framework on (XXX), can you tell me whether there is anything new or a substantial change to what you do now?</i></p> <p><b>NB. NOTE EACH NEW IDEA AND ASK THE FOLLOWING:</b></p> <p><i>What do you think of the suggestion? Is it a good idea?</i></p> <p><i>Is it feasible? Could your staff actually get the required verification?</i></p> <p><i>What effect on fraud would it have? Would it prevent fraud?</i></p> <p><i>How would it affect the time needed to process a claim?</i></p> <p><i>What would be the cost implications of implementing the idea?</i></p>

MAIN TOPIC	LEAD QUESTION	FOLLOW UPS AND PROBES
Verification of new claims - recording of information	<p><i>How are verification checks recorded at present?</i></p> <p>PROMPTS: what is recorded in the case papers? what is recorded on the computer system?</p>	<p><i>Looking at the suggestions in VBAF on recording verification checks, can you tell me whether there is anything new or a substantial change to what you do now?</i></p> <p>NB. NOTE EACH NEW IDEA AND ASK THE FOLLOWING</p> <p><i>What do you think of the suggestion? Is it a good idea?</i></p> <p><i>What contribution would it make to fraud prevention?</i></p> <p><i>How would it affect the time needed to process a claim?</i></p> <p><i>What would be the likely cost implications of implementation?</i></p>
Further verification and high risk cases (pp.19-21)	<p>What do you think of the ideas and suggestions on further verification and checks for the high risk cases?</p>	<p><i>Is there anything new in this section of the Verification Framework?</i></p> <p><i>What do you think of the suggested 'programme of visits' (p.21)? How does it compare with current practice? Is it feasible? Would it be effective in preventing fraud? What are its cost implications?</i></p>
In-year verification (pp.22-26)	<p>The Verification Framework has some detailed ideas on how checks on existing claims should be handled so that unreported changes in circumstances can be picked up. What do you think about this section?</p>	<p><i>What do you think of the division of cases in to low, medium and high risks (pp.24-25)? Do you agree?</i></p> <p><i>Are the ideas about targeting in-year checks useful?</i></p> <p><i>What would be the cost implications of implementing the suggested number and type of checks?</i></p>
Benefit accuracy test (p.27)	<p>Looking at this section on benefit accuracy, can you tell me whether there is anything new or a substantial change to what you do now?</p>	<p><i>What do you think about the requirement that every file should note how each of the 'elements has been addressed'?</i></p> <p><i>While on the subject of accuracy tests, can you tell me what routine checks are carried out by benefit supervisors (or team leaders or other managers) on the accuracy of benefit assessments? (EXPECT ANSWERS OF THE TYPE: X% OF NEW CLAIMS, X% OF RENEWAL CLAIMS ETC)</i></p>

MAIN TOPIC	LEAD QUESTION	FOLLOW UPS AND PROBES
Benefit speed test (pp.28-30) (i) Test A	Looking at p.30, what do you think about TEST A?	<i>How does the 14 day target compare with your current clearance times?</i>  <i>Is the target reasonable? Should the target be something other than 14 days? If yes, how many days?</i>
Benefit speed test (pp.28-30) (ii) Tests B and C	What do you think about TESTS B and C?	<i>Is the combined target of Tests B and C reasonable?</i>  <i>Is it a good alternative to Test A?</i>  <i>Should the targets be something other than 7 and 21 or 28 days? If yes, how many days?</i>  <i>What is your general view on target times for clearing claims?</i>
General views on layout and style, usefulness of appendices	What is your overall view of the Verification Framework?	<i>Is the layout and style user-friendly for staff?</i> <i>Have you any suggestions to make it easier to use?</i>  <i>Would it be helpful if each section had a check list of source of verification which could be simply ticked off as they were carried out?</i>  <i>Are the appendices useful?</i>
Cost of implementing VBAF	<i>We have talked about the cost implications of implementing some of the ideas in VBAF, but what do you think would be the overall cost if you were asked to put the whole document into effect?</i>	PROMPT IF NECESSARY: <i>how many extra staff would be required?</i>  <i>What would be the main causes of the extra costs? (PROMPT for changes to computer system, and to application forms)</i>
Suggestions for improvement	<i>How do you think verification procedures could be improved?</i>	PROBE for effect on workloads, processing time, and cost.
Tension between fraud detection and prevention	<i>Some people have said that it is better to put effort and resources into fraud detection rather than prevention because of the financial incentives behind detection. What do you think of this view.</i>	<i>Do you have any suggestions about how local authorities could be encouraged to carry out more fraud prevention measures such as those in VBAF?</i>
Further comments	<i>Is there anything out verification procedures and accuracy checks that we haven't covered?</i>	PROBE FULLY

**TOPIC GUIDE FOR FRONT-LINE STAFF**  
(individual interviews)

**Standard introduction**

What we are trying to find out is what you in (NAME OF LOCAL AUTHORITY) do to check the information that claimants give you on the claim form or in other documents, letters or whatever.

I should just say again that your answers will be treated in confidence. Nothing you tell us will be linked with you as an individual or with the authority.

The way I would like to do this is to go through a claim form with you and you can talk me through what you do.

But first a few more general questions.

**NB REMEMBER THAT QUESTIONS ARE ABOUT BOTH HOUSING BENEFIT AND COUNCIL TAX BENEFIT**

MAIN TOPIC	LEAD QUESTION	FOLLOW UPS AND PROBES
General approach to fraud and prevention	In general, is there any sort of policy towards Housing Benefit and council tax benefit fraud and fraud prevention in the office (or in the authority)?	<p><i>Is there a shared attitude towards fraud in the office?</i></p> <p><i>Is the possibility of fraud something you are always looking out for?</i></p> <p><i>Have you received any training in fraud prevention?</i></p>
Verification of identity (current procedures)	<i>Do claimants have to supply any proof of identity, for example a birth certificate? (In other words, how do they prove they are who they <u>say</u> they are?)</i>	<p>PROBE for types of evidence asked for.</p> <p><i>Are there any problems in getting any of these types of evidence? What sort of problems? (PROBE FULLY)</i></p> <p><i>Does it take long to get the verification you want? (PROBE for straightforward and problem cases.)</i></p> <p><i>If there are problems: What do you do? Do you ever give up and accept the claimant's word (for example if <b>no</b> evidence is provided)?</i></p> <p><i>Are there any checks you can carry out yourself? PROBE: any council records, such as Council Tax, Housing, Licensing? Any external records? What? How long do these typically take?</i></p> <p><i>What would you do if you suspected that the claim was fraudulent, that the name was made up?</i></p> <p>(REFERRING TO EACH TYPE OF EVIDENCE USED, eg birth certificate or driving licence): <i>Do you think you could spot a false (type of evidence)?</i></p> <p><i>If yes: What would you look for? How do you know what to look for?</i></p> <p><i>Do you treat rent rebate and rent allowance cases differently (for example, do you require a higher standard of evidence for rent allowance cases)?</i></p> <p><i>Is there any difference in the way you deal with verification of identity when you are dealing with a change in circumstances or a renewal claim rather than a new claim? Are you as strict about the evidence you require?</i></p>
Verification of identity (VBAF ideas)	On Cards A and B are the DSS suggestions for the types of verification that claimants could be asked to provide as evidence of identity. <i>Are these lists helpful?</i>	<p><i>Is there anything new in the lists?</i></p> <p><i>Have you tried getting any of these and had problems? PROBE FOR WHAT HAPPENED.</i></p> <p><i>If you had to get TWO of the things on Card B, what effect would that have on your workload? Would it add to the time needed to process a claim? How long?</i></p>
MAIN TOPIC	LEAD QUESTION	FOLLOW UPS AND PROBES

<p><b>Verification of household members</b> (current procedures)</p>	<p><i>Do claimants have to provide proof about any other people they are claiming for? (like children or other members of their household?)</i></p>	<p>Probe for types of evidence asked for.</p> <p><i>Are there any problems in getting any of these types of evidence? What sort of problems? (PROBE FULLY)</i></p> <p><i>Does it take long to get the verification you want? (PROBE for straightforward and problem cases.)</i></p> <p><i>If there are problems: What do you do? Do you ever give up and accept the claimant's word (for example if no evidence is provided)?</i></p> <p><i>What would you do if you suspected that the claim was fraudulent, that some of the other people in the claim were made up or not actually living with the claimant?</i></p> <p><i>If new type of evidence has been referred to: Do you think you could spot a false (type of evidence)?</i></p> <p><i>If yes: What would you look for? How do you know what to look for?</i></p> <p><i>Do you treat rent rebate and rent allowance cases differently (for example, do you require a higher standard of evidence for rent allowance cases)?</i></p> <p><i>Is there any difference in the way you deal with verification of identity when you are dealing with a change in circumstances or a renewal claim rather than a new claim? Are you as strict about the evidence you require?</i></p>
<p><b>Verification of rent and type of accommodation</b></p>	<p><i>EXPLAIN WHY WE ARE ASKING THIS QUESTION IF HELPFUL: E.g. The next question may seem very straightforward but it has been useful so far in identifying differences in the way authorities do things.</i></p> <p><i>How do you check the amount of rent a claimant WHO IS A COUNCIL TENANT says they are paying?</i></p>	<p>PROBE for use of rent books, housing dept. data, council tax records.</p> <p><i>Are there any problems in getting confirmation of rent? What sort of problems? (PROBE FULLY)</i></p> <p><i>Does it take long to get the verification you want? (PROBE for straightforward and problem cases.)</i></p> <p><i>Is there any difference in the way you deal with verification of identity when you are dealing with a change in circumstances or a renewal claim rather than a new claim? Are you as strict about the evidence you require?</i></p>

MAIN TOPIC	LEAD QUESTION	FOLLOW UPS AND PROBES
Verification of rent and type of accommodation	<i>How do you check the amount of rent a claimant WHO IS A PRIVATE TENANT says they are paying?</i>	<p>PROBE for use of rent books, tenancy agreements, letters from landlords/agents, Rent Officer reports. <i>Which type of evidence do you prefer to have? Why?</i></p> <p><i>Are there any problems in getting confirmation of rent? What sort of problems? (PROBE FULLY)</i></p> <p><i>If there are problems: What do you do? Do you ever give up and accept the claimant's word (for example if no evidence is provided)?</i></p> <p><i>Does it take long to get the verification you want? (PROBE for straightforward and problem cases.)</i></p> <p><i>What would you do if you suspected that the claim was fraudulent?</i></p> <p><i>How do you check for collusive tenancies? Do you have a register of landlords? If yes: Does the register contain all landlords or just problem ones?</i></p> <p><i>Do you think you could spot a false (type of evidence)?</i>  <i>If yes: What would you look for? How do you know what to look for?</i></p> <p><i>Do you treat rent rebate and rent allowance cases differently (for example, do you require a higher standard of evidence for rent allowance cases)?</i></p> <p><i>Is there any difference in the way you deal with verification of identity when you are dealing with a change in circumstances or a renewal claim rather than a new claim? Are you as strict about the evidence you require?</i></p>
Verification of rent and accommodation (VBAF ideas)	On Card C are the DSS suggestions for the types of verification that claimants could be asked to provide as evidence of rent. <i>Is this list helpful?</i>	<p><i>Is there anything new in the list that we have not discussed so far?</i></p> <p>Looking at Card D, the DSS idea is that the rent on all private tenant claims is checked against one of these. <i>Do you do this already? If no: how long would it take you to carry out one of the checks?</i></p>

MAIN TOPIC	LEAD QUESTION	FOLLOW UPS AND PROBES
Verification of earnings (employees)	<i>What does the claim form ask claimants to supply to verify their earnings?</i>	<p><i>Do claimants usually supply sufficient evidence of earnings? What do they normally supply? (EXPECT ANSWERS SUCH AS: wage slips, certificate of earnings from employer, letter from employer, benefit award notifications which detail earnings)</i></p> <p><i>Are there any problems in getting evidence of earnings? What sort of problems? (PROBE FULLY)</i></p> <p><i>Does it take long to get the verification you want? (PROBE for straightforward and problem cases.)</i></p> <p><i>If there are problems: What do you do? Do you ever give up and accept the claimant's word (for example, if <b>no</b> evidence is provided)?</i></p> <p><i>Are there any checks you can carry out yourself? PROBE: any council records? Any external records? What?</i></p> <p><i>What would make you suspicious that the evidence about earnings was fraudulent? PROBE: for example, on net wages, gross wages, hours of work, overtime, bonuses, tips).</i></p> <p><i>What would you do? Contact the employer? Anything else?</i></p> <p><i>Do you think you could spot a false (type of evidence)?</i>  <i>If yes: What would you look for? How do you know what to look for?</i></p> <p><i>Do you treat rent rebate and rent allowance cases differently (for example, do you require a higher standard of evidence for rent allowance cases)?</i></p> <p><i>Is there any difference in the way you deal with verification of earnings when you are dealing with a change in circumstances or a renewal claim rather than a new claim? Are you as strict about the evidence you require?</i></p>
Verification of earnings (VBAF ideas)	On Card E are the DSS suggestions for the types of verification that claimants could be asked to provide as evidence of earnings. <i>Is this list helpful?</i>	<i>Is there anything new in the list that we have not discussed so far? Do you do these checks already? If no: how long would it take you to carry out one of the checks?</i>



MAIN TOPIC	LEAD QUESTION	FOLLOW UPS AND PROBES
Verification of earnings (self - employed)	<i>What does the claim form ask self-employed claimants to supply to verify their earnings?</i>	<p><i>Do claimants usually supply sufficient evidence of self-employed earnings? What do they normally supply? (EXPECT ANSWERS SUCH AS: accounts, bank statements, cheque books, tax assessments, invoices and receipts.)</i></p> <p><i>Are there any problems in getting evidence of self-employed earnings? What sort of problems? (PROBE FULLY)</i></p> <p><i>Does it take long to get the verification you want? (PROBE for straightforward and problem cases.)</i></p> <p><i>If there are problems: What do you do? Do you ever give up and accept the claimant's word (for example, if <b>no</b> evidence is provided)?</i></p> <p><i>Are there any checks you can carry out yourself? PROBE: any council records? Any external records? What?</i></p> <p><i>What would you do if you suspected that the claim was fraudulent?</i></p> <p><i>Do you think you could spot a false (type of evidence)?</i>  <i>If yes: What would you look for? How do you know what to look for?</i></p> <p><i>Do you treat rent rebate and rent allowance cases differently (for example, do you require a higher standard of evidence for rent allowance cases)?</i></p> <p><i>Is there any difference in the way you deal with verification of self-employed earnings when you are dealing with a change in circumstances or a renewal claim rather than a new claim? Are you as strict about the evidence you require?</i></p> <p><i>Do you have any other suggestions to tighten up verification in this area?</i></p>
Verification of self-employed earnings (VBAF ideas)	On Card F are the DSS suggestions for the types of verification that claimants could be asked to provide as evidence of self-employed earnings. <i>Is this list helpful?</i>	<i>Is there anything new in the list that we have not discussed so far? Do you do these checks already? If no: how long would it take you to carry out one of the checks?</i>

MAIN TOPIC	LEAD QUESTION	FOLLOW UPS AND PROBES
Verification of benefit income	<i>What does the claim form ask claimants to supply to verify their benefit income?</i>	<p><i>Do claimants usually supply sufficient evidence of benefit income? What do they normally supply? (EXPECT ANSWERS SUCH AS: benefit payment books, letters from Benefits Agency, bank statements.</i></p> <p><i>PROBE for contact made with Benefits Agency. Are relations with BA staff good? Do you have a named contact person? Do you usually get all the information you require, for example the relevant dates of an award?</i></p> <p><i>Are there any problems in getting evidence of benefit income? What sort of problems? (PROBE FULLY)</i></p> <p><i>Does it take long to get the verification you want? (PROBE for straightforward and problem cases.)</i></p> <p><i>If there are problems: What do you do? Do you ever give up and accept the claimant's word (for example, if <b>no</b> evidence is provided)?</i></p> <p><i>Are there any checks you can carry out yourself? PROBE: any council records? Any external records? What?</i></p> <p><i>What would you do if you suspected that the claim was fraudulent?</i></p> <p><i>Do you think you could spot a false (type of evidence)?</i>  <i>If yes: What would you look for? How do you know what to look for?</i></p> <p><i>Do you treat rent rebate and rent allowance cases differently (for example, do you require a higher standard of evidence for rent allowance cases)?</i></p> <p><i>Is there any difference in the way you deal with verification of benefit income when you are dealing with a change in circumstances or a renewal claim rather than a new claim? Are you as strict about the evidence you require?</i></p>
Verification of benefit income (VBAF ideas)	<p>On Card G are the DSS suggestions for the types of verification that claimants could be asked to provide as evidence of benefit income.</p> <p><i>Is this list helpful?</i></p>	<p><i>Is there anything new in the list that we have not discussed so far? Do you do these checks already? If no: how long would it take you to carry out one of the checks?</i></p>

MAIN TOPIC	LEAD QUESTION	FOLLOW UPS AND PROBES
Verification of other income	<i>Can you explain what verification you require for other sources of income?</i>	<p>PROBE for occupational pensions maintenance payments payments from boarders/lodgers others?</p> <p>For each type of income: <i>Are there any problems in getting the evidence you require? What sort of problems?</i> (PROBE FULLY)</p> <p><i>Does it take long to get the verification you want?</i> (PROBE for straightforward and problem cases.)</p> <p>If there are problems: <i>What do you do? Do you ever give up and accept the claimant's word?</i></p> <p><i>Are there any checks you can carry out yourself?</i> PROBE: any council records? Any external records? What?</p> <p><i>What would you do if you suspected that the claim was fraudulent?</i> PROBE: for example if a pensioner had worked for a firm for a long time but had no occupational pension. PROBE AGAIN: For example if a lone parent reports receiving no maintenance?</p> <p>Do you think you could spot a false (type of evidence)? If yes: <i>What would you look for? How do you know what to look for?</i></p> <p><i>Do you treat rent rebate and rent allowance cases differently (for example, do you require a higher standard of evidence for rent allowance cases)?</i></p> <p><i>Is there any difference in the way you deal with verification of other income when you are dealing with a change in circumstances or a renewal claim rather than a new claim? Are you as strict about the evidence you require?</i></p>
Verification of other income (VBAF ideas)	On Card H are the DSS suggestions for the types of verification that claimants could be asked to provide as evidence of other income. <i>Is this list helpful?</i>	<i>Is there anything new in the list that we have not discussed so far? Do you do these checks already? If no: how long would it take you to carry out one of the checks?</i>

MAIN TOPIC	LEAD QUESTION	FOLLOW UPS AND PROBES
Verification of capital	<i>What does the claim form ask claimants to supply to verify their capital?</i>	<p><i>Do claimants usually supply sufficient evidence of capital? What do they normally supply? (EXPECT ANSWERS SUCH AS: bank statements or letters, original documents such as share certificates.)</i></p> <p><i>Are there any problems in getting evidence of capital? What sort of problems? (PROBE FULLY)</i></p> <p><i>Does it take long to get the verification you want? (PROBE for straightforward and problem cases.)</i></p> <p><i>If there are problems: What do you do? Do you ever give up and accept the claimant's word (for example, if <b>no</b> evidence is provided)?</i></p> <p><i>Are there any checks you can carry out yourself? PROBE: any council records? Any external records? What?</i></p> <p><i>What would you do if you suspected that the evidence of capital was fraudulent?</i>  PROBE: For example, if a claimant lived in a wealthy neighbourhood but had no capital?</p> <p><i>Do you think you could spot a false (type of evidence)?</i>  If yes: <i>What would you look for? How do you know what to look for?</i></p> <p><i>Do you treat rent rebate and rent allowance cases differently (for example, do you require a higher standard of evidence for rent allowance cases)?</i></p> <p><i>Is there any difference in the way you deal with verification of capital when you are dealing with a change in circumstances or a renewal claim rather than a new claim? Are you as strict about the evidence you require?</i></p>
Verification of capital (VBAF ideas)	<i>On Card I are the DSS suggestions for the types of verification that claimants could be asked to provide as evidence of capital. Is this list helpful?</i>	<i>Is there anything new in the list that we have not discussed so far? Do you do these checks already? If no: how long would it take you to carry out one of the checks?</i>
Recording evidence and checks	<i>How do you record what you have done to verify information provided by the claimant?</i>	<p>PROBE for use of photocopying documents (when are documents <i>not</i> copied?)</p> <p><i>Are there any facilities within your computer software that you can use, such as a 'Notebook' facility?</i></p> <p><i>Do you record different types of evidence in different ways? E.g. for recording savings?</i></p>

MAIN TOPIC	LEAD QUESTION	FOLLOW UPS AND PROBES
High risk groups	<i>Are you more on the alert for any particular sort of claim or any particular type of claimant?</i>	<p>PROBE for types of accommodation such as hostels or houses of multiple occupancy.</p> <p>PROBE for boarders/lodgers, lone parents, casual workers, unemployed people, self employed people, people from abroad, travellers.</p> <p>SHOW CARD K AND ASK: <i>Do you think the DSS's idea of who is a 'high risk' claimant is right?</i></p>
Special exercises	<i>Are you involved in any special fraud exercises at present (NB APART FROM THOSE ALREADY MENTIONED, IF ANY)?</i>	<p>PROBE: with the police, DSS, employers? Others?</p> <p>PROBE for description.</p>
Suggestions for improvement	<i>How do you think verification procedures could be improved?</i>	PROBE for effect on workload and processing time.

## TOPIC GUIDE FOR FRAUD STAFF

The main purposes of interviews with fraud staff are:

- to gain an understanding of current fraud detection measures carried out with in each authority
- to gather information on what types of fraud are committed, and how they are perpetrated
- to generate ideas about how fraud can be prevented.

It is not the intention at present to show the Verification Framework to fraud staff before we interview them.

A standard introduction can be used to explain the purposes on the interview and to reassure the respondents of the confidentiality of the replies.

MAIN TOPIC	LEAD QUESTION	FOLLOW UPS AND PROBES
<b>General approach to fraud and prevention</b>	<i>In general, is there any sort of policy towards fraud and fraud prevention in the office (or in the authority)?</i>	<i>Is there a shared attitude towards fraud in the office?</i>
<b>Current fraud prevention work</b>	<i>How much of your work would you describe as fraud prevention rather than fraud detection?</i>	<p>PROBE for description of fraud prevention activities. <i>Are you involved in any exercises with the DSS, the police, or any local employers?</i></p> <p><i>How effective is (TYPE OF ACTIVITY)?</i></p>
<p><b>Types of fraud</b></p> <p>NB GO THROUGH FOLLOWING TOPICS IN TURN:</p> <ul style="list-style-type: none"> <li>- identity (SHOWCARDS A and B)</li> <li>- household members</li> <li>- rent and type of accommodation (CARDS C and D)</li> <li>- earnings (employees) (CARD E)</li> <li>- earnings (self-employed) (CARD F)</li> <li>- benefit income (CARD G)</li> <li>- other income (CARD H)</li> <li>- capital (CARD I)</li> </ul>	<i>Can you describe the main ways in which (IDENTITY) fraud is committed?</i>	<p><i>How big a problem is this type of fraud? If response is that (IDENTITY) fraud is not a particular problem, ask if this is as a result of any local authority policy or action.</i></p> <p><i>From your experience what would you say could be done to prevent fraud based on a claimant's IDENTITY?</i></p> <p>NB NOTE EACH SUGGESTION AND ASK THE FOLLOWING: <i>Is it feasible? Could the benefit staff actually get the required verification?</i></p> <p><i>Are there any other advantages and disadvantages?</i></p> <p>REFER TO APPROPRIATE SHOWCARD FOR EACH TOPIC. ASK: On (Card A, B, C etc.) are the DSS suggestions for the types of verification that claimants could be asked to provide as evidence of (IDENTITY). <i>To what extent could fraud be prevented if these suggestions were followed? Do you think that any of these would generate extra work for you or other staff? For example, extra visits.</i></p>
<b>Landlord fraud</b>	<p>(IF THIS TYPE OF FRAUD HAS NOT BEEN DISCUSSED SO FAR, ASK:)</p> <p><i>Can you describe the main ways in which landlord fraud is committed?</i></p>	<p><i>How big a problem is landlord fraud?</i></p> <p><i>From your experience what would you say could be done to prevent landlord fraud?</i></p> <p>NB NOTE EACH SUGGESTION AND ASK THE FOLLOWING: <i>Is it feasible? Could the benefit staff actually get the required verification?</i></p> <p><i>Are there any other advantages and disadvantages?</i></p>
<b>Suggestions for improvement</b>	<i>How else do you think verification procedures could be improved?</i>	